



Survivors of a Serb artillery assault emerging Wednesday from their forest hideout as United Nations military observers reached the besieged Bosnian village of Zepa and began evacuating the wounded from the Muslim enclave.

Italy Arrests Head of Top Public Firm In Scandal

Investigation Continues To Link State Industries To Corruption Charges

By Alan Cowell
ROME — The head of Italy's biggest public corporation — with interests from banks and supermarkets to Alitalia, the national airline — was arrested Wednesday on corruption charges as the country's 15-month bribery investigation pressed deeper into the vast state industries that have yielded rich seams of political patronage.

Intervention in Bosnia: Clinton Mutes His Fervor

By Paul F. Horvitz
WASHINGTON — President Bill Clinton, while signaling his willingness to send observer troops to Macedonia, is sharply joining down his Bosnia policy in recognition that his tough approach has met a stone wall in Europe and political barriers at home.

Continental Places Huge Plane Order With Boeing

Continental placed the previous orders in 1989 and 1990, before it filed for bankruptcy reorganization in December of the latter year. The order will not affect Boeing plans announced in January to lay off thousands of workers this year, said Richard Albrecht, executive vice president of Boeing Commercial Airplane Group.

For China's Workers, Job No Longer Lasts a Lifetime

By Sheryl WuDunn
WUHAN, China — A shy, 30-year-old woman with pigtails, Ms. Zhang figured that socialism might not make her rich but that it would at least guarantee her an "iron rice bowl," a job that would feed her for life.

German Labor Strife Escalates

By Marc Fisher
BERLIN — More than 300,000 workers throughout Germany took to the streets Wednesday in a quickly escalating showdown between unions determined to protect postwar gains and employers eager to halt a deepening recession.

Kiosk U.S. to Cancel African Debt

ABIDJAN, Ivory Coast (AP) — President Bill Clinton plans to write off hundreds of millions of dollars in African debt, a senior American official said Wednesday.

Citizen Gorbachev's Travels Left South America Reeling

By Don Podesta
BUENOS AIRES — A tour of Latin America by Mikhail S. Gorbachev, the former Soviet president, last November and December turned into such an expensive extravaganza that it bankrupted the Argentine organization that sponsored it, the Colloquium Foundation.

Ultimate Joyride: He Took the A Train

By Kimberly J. McLarin
NEW YORK — Sixteen-year-old Keron Thomas's obsession with subway trains did not begin in early childhood because in early childhood he was in Trinidad, and Trinidad does not have trains.

Table titled 'Some Big IRI Holdings' listing various companies and their ownership percentages, such as IRI (100%), Eni (100%), and others.

Table titled 'Kiosk' showing market data for Dow Jones, Trib Index, and The Dollar.

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Serbs Allowing Fuel Tankers And Other Trucks Into Bosnia

By David Ottaway
Washington Post Service

RACA, Yugoslavia — Serbian authorities are allowing fuel tankers and other trucks to pass unimpeded at the border post here into northern Bosnia, despite Serbia's declaration last week that it was cutting off all trade other than food and medicine to its Bosnian Serb allies.

At least half a dozen large fuel tankers and a score or more of other trucks were seen crossing at Raca into Bosnia during a five-hour visit Wednesday by a five-member team from the United Nations, the transportation head in the northeast corner for the whole east-west corridor that Bosnian Serb forces are seeking to secure across northern Bosnia.

The volume of truck traffic here appeared to raise serious questions about whether President Slobodan Milosevic of Serbia is acting to enforce the blockade of Bosnia, potentially the most forceful action he has announced to date in his attempt to pressure Bosnian Serbs into accepting a UN-backed peace plan for Bosnia.

President Bill Clinton and West European leaders have acknowledged they are relying heavily on Mr. Milosevic to use his political influence and other points of leverage such as the blockade to force the Bosnian Serbs into joining the plan.

[The UN Security Council is considering a plan to place international monitors on all border crossing points between Serbia and Bosnia to ensure that Mr. Milosevic is keeping his promise. The New York Times reported. The council was to meet to consider a Russian draft resolution that could send up to 500 observers to monitor traffic moving through 48 crossing points.]

Crippling the transportation system by cutting off the flow of gasoline and other fuel into Bosnia

was possibly the quickest way of bringing home to the Bosnian Serbs the cost to themselves of holding out against the peace plan.

But there is so much fuel available in the Bijeljina area that the cost of gasoline is cheaper by 1 Deutsche mark (62 U.S. cents) a liter than in Serbia. An attendant at the Neskojic gas station just north of Bijeljina, where four full tankers were parked, said there was no shortage of gasoline in the region.

Two U.S. reporters visiting the area saw more than a dozen fuel tankers either parked at roadside gas stations or passing through the Raca border crossing.

The Serbian authorities have poked a huge loophole in the blockade by decreasing that fuel tankers "in transit" for Krajina, the Serb region in Western Croatia, will be permitted to continue using the northern corridor.

Once inside Bosnia, however, Serbian authorities have no way of controlling where these tankers go or to whom the fuel is delivered. A number of trucks and an oil tanker seen crossing at Raca had Krajina license plates.

During an hour-long stop at the Raca checkpoint, the reporters saw no truck barred from entering Bosnia by Serbian police and customs officials.

Heavy Toll in Mostar

Heavy street fighting continued Wednesday in the southwestern city of Mostar despite attempts by the United Nations to broker a new cease-fire between Bosnian Croats and Muslim-led troops, new agencies reported.

Much of the Muslim-held section of the city was in flames as Croats troops battled street-to-street to break the Muslim foothold on the west side of the Neretva River, which Bosnian Croats want as their easternmost boundary.

Casualties were reported to be heavy.

Later, Muslim-controlled Bosnian radio reported that commanders of the two armies had agreed to a cease-fire in Mostar. But the fighting continued.

Also Wednesday, the United Nations began evacuating some of the 200 wounded from Zepa, one of six areas in the former Yugoslavia that were designated as "safe havens" last week by the Security Council.

Civilians began returning from the hills to Zepa, a Muslim enclave, after having fled a Serbian assault last week.

There were these other developments:

- The United States and its European allies moved to quash the impression of a damaging trans-Atlantic dispute over how to end the war.
- Foreign Minister Alain Juppé of France said: "I'm surprised to hear talk of a split between the United States and Europe over the crisis in ex-Yugoslavia. That is not the way I see things. On the contrary, I've been struck by the quality of our conversations."
- Foreign Secretary Douglas Hurd of Britain acknowledged that there were differences among the Western allies on how to proceed, but that he saw no point in engaging in a trans-Atlantic shouting match.
- Bosnia Serbs said they planned to press ahead with their referendum on the peace plan this weekend despite warnings from friends and foes alike that such a vote is absurd in a war zone.
- "This referendum is an unnecessary farce," said President Momir Bulatovic of Montenegro.
- The United States has sent three warships to strengthen a North Atlantic Treaty Organization naval force blockading the coast of the former Yugoslavia in support of UN sanctions, an alliance spokesman said in Brussels. (AP Reuters)



The wood slivers, in a bronze box, that were sold in Paris.

A Piece of the Cross? Slivers Fetch \$18,500

By Alan Riding
New York Times Service

PARIS — Despite warnings from a Vatican official that it is a sin to trade in relics, two slivers of olive tree said to come from the cross on which Jesus was crucified were sold for some \$18,500 in a crowded auction house here Wednesday.

Accompanying the relic were two certificates, one dated 1855 from the Vatican authenticating the wood as part of Jesus's cross and the other dated 1856 recording that it was a gift from the Patriarch of Jerusalem to Edouard Thouvenel, at the time the French ambassador to Constantinople.

The object was among decorations and documents put up for auction by Mr. Thouvenel's heirs. They stipulated that proceeds from the sale of the relic should go to an association for autistic children. The auctioneer, Marie-Françoise Chochoy, and the Drouot auction house also waived their fees.

Earlier, Miss Chochoy said she had no idea how much the relic would fetch, but she placed the opening price at 10,000 francs (\$1,850). Higher bids quickly followed, with the sale completed 90 seconds later when a woman sitting on the front row of the auction room offered 100,000 francs.

The two pieces of wood, one-tenth and two-tenths of an inch long (2.5 millimeters and 5 millimeters), lie in the form of the cross inside a tiny oval-shaped box with a crystal cover, itself only six-tenths of an inch long. The back of the bronze box carries the Vatican seal.

Wood believed to come from Jesus's cross can be found in many European churches and convents as well as in Rome, but there is no record of any having been sold before. Vatican experts have often remarked that the cross would have been massive if all the pieces of wood that claim to be the relic were authentic.

In this case, the Vatican certificate is a printed sheet prepared to authenticate all relics, with sections written by hand stating that this relic is wood from Jesus's cross and describing the box in which it is kept. The certificate carries the signatures of Constantin, Vicar General, and Carolus, Guardian of Holy Relics.

But while the Vatican's Congregation for the Divine Cult and the Discipline of the Sacraments has said that it can neither confirm nor challenge the document's authenticity, it has argued there is nothing to prove that this certificate relates to the object put up for auction.

According to other records, the relic was actually given to the wife of Mr. Thouvenel, who later became Napoleon III's foreign minister, in gratitude for France's decision to cede St. Anne's Church in Jerusalem to the local Patriarch of the Greek Orthodox Church.

St. Anne's Church, built on what is believed to be the birthplace of the Virgin Mary, was in turn given to France by its then-owner, Sultan Abd II Majid, after French troops helped to end the siege of Sebastopol, Jerusalem at the time part of the Ottoman Empire.

A spokesman for the Congregation for the Divine Cult said that, if this relic were genuine, canon law states that it cannot be "transferred" without special permission from the Vatican. But he acknowledged there was no legal way that Rome could prevent the auction.

Clinton To Support Population Agency

By Julia Preston
Washington Post Service

UNITED NATIONS, New York — The Clinton administration, extending its break with Republican policies on birth control and abortion to the international arena, has announced that it will resume funding of the United Nations' population program after a seven-year suspension.

Timothy E. Wirth, the chief State Department official for population issues, said Tuesday that the United States would immediately move to become "a major if not the major" contributor to the UN Fund for Population Activities.

But he said Washington still regarded China's birth control policy, which limits couples to a single child, as "coercive" and would not give funds for work in China.

Mr. Wirth's speech at a planning meeting for a 1994 UN population conference to be held in Cairo, drew cheers from the audience of UN officials and diplomats and nongovernmental birth control workers.

"It means a profound change in the attitude of the United States towards the future of the world," said Alex Marshall, spokesman for the fund. He said the agency had been "held back in our ability to provide services," especially in Africa.

The Reagan administration stopped funding to the agency in 1986 as part of its opposition to any population control programs linked to abortion. Fund officials said the agency had over financed abortions and was barred by UN regulations from treating them as a form of birth control. But Reagan administration officials noted that some countries in which the United Nations has population programs did allow abortions.

In 1985, the year before the cutoff, the United States gave \$46 million to the fund but withheld \$10 million as a protest against China's policy. U.S. contributions to the fund's \$230 million annual budget are expected to be about the same.

Mr. Wirth said the Clinton administration would encourage debate about abortion at the Cairo conference and would remove any limits on U.S. funding of international population projects that provide abortions.

"Our position is to support reproductive choice, including access to safe abortion," Mr. Wirth said.

WORLD BRIEFS

Afghan Guerrillas Bombard Kabul, Hundreds Reported Dead or Injured

KABUL (Reuters) — Guerrilla groups launched a fierce bombardment of the Afghan capital on Wednesday, killing or wounding nearly 600 people in suburbs where thousands were taking refuge.

More than 300 rockets or shells struck Kabul before dawn. The International Committee of the Red Cross reported 376 injured in hospitals. Doctors reported 15 dead and said later that the figure would be much higher.

It was the fiercest battle since the guerrilla leaders of the Islamic coalition government signed a pact in Paktia in March to end months of fighting. Army officers said dozens of bodies were lying in the streets in the southwestern suburbs, where government forces appeared to have launched an early morning offensive to end six days of clashes with rival guerrilla parties.

Most of the rockets were fired from positions of the Iran-backed Shiite Islamic Coalition Council of Afghanistan and the hard-line Islamic Party led by Prime Minister-designate Gulbuddin Hekmatyar, in hills to the south and west.

Initial German Forces in Somalia

BONN (AFP) — Several German Air Force planes flew to Somalia on Wednesday carrying equipment before the deployment of 1,640 troops as part of the UN contingent. Defense Minister Volker Röhe said.

A total of 45 men will leave on a reconnaissance trip by the end of the week, he added. They will be the first armed German soldiers sent on mission outside the NATO sphere of operations since the federal army was created in 1955.

Sources said the German soldiers would be deployed in the center of Somalia, and not in the north as first planned. The government had insisted that the soldiers be sent to a pacified zone to avoid domestic trouble should there be deaths in the contingent, as German public opinion was divided on sending troops abroad.

Arabs Resist Nonstop Peace Talks

WASHINGTON (Reuters) — The United States has so far failed to persuade the Arabs to make peace talks with Israel continuous and end time-consuming bargaining about whether they will attend each round, diplomats said Wednesday.

The ninth round of Middle East talks ends Thursday and the diplomats said American officials were trying to persuade Israel, Syria, Jordan, Lebanon and the Palestinians to return in early June after a three-week break.

The officials were describing the June talks as a continuation of the ninth round, rather than a 10th round, to remove the need for a high-level Arab decision on attending. Israel has already agreed to continuous negotiations.

Indonesia Impedes 4 Trial Observers

JAKARTA (AFP) — Indonesian security men have barred a United Nations representative and three diplomats from the United States, Japan and Britain from going to East Timor to observe the trial of the independence leader José Xanana Gusmão, diplomats said here Wednesday.

Two journalists, one Dutch and the other Japanese, were also stopped Tuesday despite having official permission.

The UN representative and the three diplomats, who returned to Jakarta, were able to leave Wednesday for Dili, the city in East Timor where the trial is being held, only after their respective ambassadors intervened with the Indonesian government.

China Honors Allied Pilots of WWII

HONG KONG (AFP) — China unveiled a monument in Kunming on Wednesday to American and Chinese pilots who fought together against the Japanese Imperial Army in World War II, the official Xinhua press agency reported.

From 1942 to 1945, thousands of allied pilots "flew the bump" from Kunming to India, ferrying supplies and men to block the Japanese advance through Burma. More than 500 aircraft and 1,500 pilots were lost, some to Japanese fighters while flying support for allied ground troops trying to retake Burma.

Former pilots from China, the United States and Singapore attended the ceremony, Xinhua said in a report monitored here. It made no mention of the fact that Kunming at the time was under the control of Nationalist forces that later had to flee to Taiwan, nor did it say whether any of the Chinese pilots present had come from Taiwan.

China Detains Opponent of Games

BEIJING (Reuters) — A Chinese dissident, Qin Yongmin, said Wednesday that he had been detained by authorities for two weeks for trying to organize a campaign against Beijing's bid to host the Olympics in 2000.

Mr. Qin, a 40-year-old former steelworker, said by telephone that he had been arrested in Beijing on April 23, escorted to his home in central China's Wuhan and held in detention until last Friday.

China's Communist leaders, eager to regain the respect they lost after crushing peaceful pro-democracy protests in 1989, are pressing hard to gain the 2000 Olympics for the capital.

Report Faults U.S. Air Power in Gulf

WASHINGTON (Reuters) — An independent report on Western use of air power in the Gulf War suggests there are still key limitations on the ability of modern bombers and fighter jets to win wars by themselves.

Highlights of the report, made public on Wednesday, showed that while U.S. and allied fighters and bombers were devastating to Iraqi forces, most of Baghdad's chemical weapons and most of its nuclear program survived air attacks.

Prepared for the U.S. Air Force by a team of experts headed by Eliot Cohen of Johns Hopkins University, the report could have implications for any decision by President Bill Clinton and allied leaders on whether to launch air strikes against Bosnian Serbs in the former Yugoslavia.

TRAVEL UPDATE

The Portuguese national airline, TAP, postponed or canceled all morning flights through Lisbon on Wednesday as airline employees held the first of three planned half-day strikes over a management plan they say would cut pay raises and limit advancement. The financially troubled carrier has laid off more than 1,500 workers this year. (AP)

BALKANS: Clinton Mutes Enthusiasm to Intervene

(Continued from page 1)

Bush, say they fear the United States will appear dangerously impotent if it does not follow through on threats to use force.

What may allow Mr. Clinton to avoid suggestions that his Balkan policy is in disarray and his threats are empty is that neither he nor any top official has publicly articulated the get-tough strategy of arming Muslim fighters and employing limited air strikes against Serbs.

This policy was sketched to reporters in briefings by administration officials who spoke on the condition that they not be identified. It was also laid out by Mr. Clinton in a phone call to Senator Bob Dole of Kansas on Saturday, according to Mr. Dole, the leader of the Senate's minority Republicans.

As if to justify the latest go-slow approach, Clinton administration

sources told The New York Times, in a report Wednesday, that the strong opposition in Europe to the tougher U.S. policy might be insurmountable — even if Mr. Clinton tried to personally impose his will.

Administration officials reportedly cited these reasons for waiting: Europe wants to see whether President Slobodan Milosevic of Serbia can make good on his pledge to cut off supplies to Serbian fighters in Bosnia; American public support for U.S. military action is weak, and Russia has insisted that no military action be considered until after this weekend's Serbian referendum on the UN-brokered peace plan for Bosnia.

Asked Wednesday what Washington would do if the peace plan was rejected, Secretary of State Warren M. Christopher said only that the United States would "continue to be concerned."

The Times reported that at least one misquote cropped up during Mr. Christopher's tour of European capitals last week.

The French reportedly said that they did not reject lifting the UN arms embargo "in principle." Apparently, the United States saw this

as a positive development while the French later said such a reading was a misunderstanding.

Many of Mr. Clinton's remarks about Bosnia have come in off-the-cuff comments. On Wednesday, he was asked about it by a New York radio talk show host, and he responded:

"This is a European issue. It's an issue for the world community to address. And we have worked very carefully with our allies to make the sanctions tougher and to keep the pressure on, to try to do two things: to contain the conflict and to try to put an end to the slaughter."

It is in the interest of the United States, he said, to keep the conflict from "spilling over."

He likened the conflict to a Vietnam-style "civil war," but also said that, unlike Vietnam, civilians are being killed because of religion and ethnicity and the United Nations is involved.

He said that Americans "will support the combination of clear, disciplined restraint on our part and not creating a unilateral American involvement, but continuing to push to end the slaughter."

SUBWAY: Would-Be Motorman Took the A Train

(Continued from page 1)

giving the name and identification number of an off-duty motorman and offering to work overtime, transit officials said.

He arrived partly out of uniform, wearing blue jeans with a motorman's blue shirt. A dispatcher told him he was out of uniform but never required him to show his identification card, as is procedure.

Albert W. O'Leary, a spokesman for the transit police, said Keron also carried the regulation equipment for an operator, including a brake handle, a safety vest and a reverser key. The transit police believe Keron obtained the equipment by using a fake identification card at one of the authority's stores.

"It's not like getting behind the wheel of a Chevy and pulling away from the curb," he said. "He came almost fully equipped. You know the old saying: If it walks like a duck and talks like a duck, it's a motorman."

Mr. O'Leary said Keron had apparently learned enough to operate the train by talking to motorman. Ms. Thomas said her son had also spent hours studying subway manuals, but there was no indication that he had ever driven a train before.

"It is very clear to us he could not have successfully pulled this off without a great deal of interaction with people who know how to operate trains," Mr. O'Leary said.

In the Brownsville neighborhood where the Thomas family has lived since coming to the United States from Trinidad in 1990, Keron is known as a nice young man.

"I'm telling you, he's a very nice kid," said Ana Acevedo, who lives in the same block of row houses as the Thomas family and whose son is a friend of Keron's. "He never got fresh with nobody."

Surprised — and somewhat amused — neighbors described Keron as large for his age, large enough to seem older if one did not look too closely at his boyish face.

They said he was polite and kind, and interested in his classes at Brooklyn Automotive High School, but very smart.

"Smart enough to take the train," said one neighbor.

Luis Acevedo, 15, a friend, said Keron talked about the normal things — girls, basketball and hanging out. Only occasionally did he mention how much he liked trains because they were safer and faster than cars, his friend said.

Some neighbors had the impression that Keron worked for the Transit Authority because he often wore part of a transit worker's uniform. Luis Acevedo said Keron first told him he worked as a token-booth operator in Brooklyn and then, a few days ago, said the managers had decided to let him drive the train.

"I believed him," Luis said. "I said: 'Yeah, that's good. It's better than being in the street.' I really

didn't think he was going to steal the train."

Transit officials said Keron was arrested in December for trespassing at a train yard.

"His curiosity got him in trouble," his mother said.

On Saturday, authorities said, the A train with Keron at the controls made 85 stops in Manhattan, Brooklyn and Queens, and was on time.

He was discovered on the return trip, when the train broke a 20-mile-an-hour (32-kilometer) speed limit and tripped the automatic brakes.

An inspector was summoned. After the train was restarted, the inspector drove Keron to Transit Authority headquarters for the blood and urine tests required when a motorman exceeds the speed limit. But outside the headquarters, Keron refused to take the tests and fled the scene.

No one was hurt in the incident. Ms. Thomas, who has two other children and works as a housekeeper at a hotel, said her son spent hours poring over a preparation book for the train operator's civil service test. She said her son made good grades when he first came to the United States, but as his interest in trains grew, his interest in school waned.

"I always told him to get his high school diploma, but just knowing how to run a train wasn't enough," she said. "But he wanted a shorter method."

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ARREST: Chief of Italy's Largest Public Company Is Held on Corruption Charges

(Continued from page 1)

Milan, however, bribes were also paid by a construction subsidiary of the state's Istituto per la Ricostruzione Industriale (IRI) after Mr. Nobili took over the conglomerate in 1989.

Mr. Nobili's lawyer, Giuseppe Bana, said he was not aware of the precise accusations against his client.

IRI set up in the 1930s by the Fascist regime of Benito Mussolini, is the biggest employer in Italy, with 420,000 employees, and is a symbol of the debt-ridden and bloated state sector that Italy's political parties carved into fiefs of patronage.

According to investigators in

prison on corruption charges. Completing the picture, the former Communist has been accused by the Milan prosecutor of involvement in deals to share the spoils of corruption at both the state railways and the state electricity authority.

The party, which was never in direct access of patronage, denies the charges of systematic corruption, but acknowledges "isolated incidents" relating to its members. According to magistrature, 72 isolated incidents are being investigated.

Mr. Nobili took over as president of IRI in 1989, but his executive powers were greatly reduced last year as the former government of Giuliano Amato began moves toward privatization.

Traditionally, Italy's state sector, controlling up to half of the country's economic activity, was used by politicians to provide jobs for supporters and to rescue failing companies rather than to make profit.

IRI's holdings range from steel production to shipping, telecommunications, construction, electronics and gas turbines, but its debt stands at some \$40 billion.

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CHINA: The Iron Rice Bowl Is Showing Some Cracks

(Continued from page 1)

better suited for other jobs. In China, unemployment is such a dirty word that Wuhan Steel has set up an employment agency to place workers. Most of its 80,000 employees who do not work in steel-related jobs will be spun off into smaller companies that are expected to operate completely on their own.

"This is not unemployment!" Zhao Wenyan, vice president at Wuhan Steel, said in horror. "Absolutely not. Unemployment is when you push people out on their own into society. We're not doing that at all."

The same careful efforts to adjust the balance between economic efficiency and job security is under way at factories throughout China.

Some economists say that the number of unproductive workers is as high as 30 percent of the urban work force. In contrast, the Labor Bureau says that there are only 10 million surplus workers, or less than 7 percent of the total number of state workers.

Labor Bureau officials say that China's unemployment rate is 2.6 percent, with 4 million workers "waiting for work." As China refers to its unemployed. But this number is almost meaningless because many employees nominally retain their jobs while they are sent home with only a fraction of their wages. And the unemployment rate is calculated only for the urban labor force; the 430 million rural laborers, many of whom would like factory jobs, are not counted.

A disproportionate number of the laid-off workers have been women. Factory managers regard women as burdensome because of the need to pay maternity benefits, and so women often are laid off first. In addition, managers seem to believe that women are less likely than men to protest if they are dismissed.

On the market street in Wuhan, laid-off women sit by displays of bowls, clothes, and whatever products that can find to sell on consignment.

"Most of these people here have been laid off," a young woman said, sweeping her hand toward the crowds of people on the street. "We're all trying to make a living. It's terrible," she added. "The newspapers don't report this."

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STATESIDE / 'DON'T ASK, DON'T TELL'

Senators Backing Compromise Plan On Gay Soldiers

By Eric Schmitt
New York Times Service

WASHINGTON — Senior Senate Democrats and Republicans are beginning to coalesce around a proposal that would end the military's efforts at unmasking homosexuals but would continue to bar them from serving if they are open about their sexuality.

Senator Sam Nunn, Democrat of Georgia, who heads the Armed Services Committee, summarizes the policy this way "Don't ask, don't tell."

It would mean that the military would not ask new recruits about their sexual orientation or conduct investigations meant to ferret out homosexuals.

But it would also impose a strict code of conduct that would address such questions as harassment, holding hands on base and same-sex dancing. Homosexuals would not be allowed to serve openly.

The Clinton administration and gay-rights groups oppose the plan, which would essentially make permanent an interim Defense Department policy hammered out by President Bill Clinton and Mr. Nunn in January.

It stopped the practice of asking recruits their sexual orientation, but still allows the armed services to place declared homosexuals in a special-reserve status until Mr. Clinton issues a new policy.

The proposal, which still lacks specifics, received the endorsement

of the hero of the Gulf War, General H. Norman Schwarzkopf.

"Open homosexuality is the problem," the general, who is retired, testified at a hearing of the Senate Armed Services Committee.

He said that allowing declared homosexuals to serve in the armed forces would result in disheartened troops. Testifying in his familiar booming voice, he likened such demoralized soldiers to the Iraqis "who sat in the deserts of Kuwait" when allied forces rolled through.

The compromise, enthusiastically received by scores of sailors whom senators interviewed at the Norfolk Navy Base, has suddenly gained momentum.

Senators John W. Warner, Republican of Virginia, and J. James Exon, Democrat of Nebraska, lent their support to the proposal.

Defense Secretary Les Aspin must present a draft executive order to Mr. Clinton by July 15. The Pentagon has two groups, about 50 military officers and the Rand Corp., studying how to carry out the directive. Senior aides to Mr. Aspin say they will begin consulting with advocacy groups, military leaders and lawmakers in early June.

General Colin L. Powell, chairman of the Joint Chiefs of Staff, and the other military service chiefs would almost certainly support the compromise, since it would codify the interim policy they have already approved.



FROM RUSSIA WITH LAUGHTER — Ronald Reagan joking with Sergel Krasavchenko, a member of a Russian parliamentary delegation that visited the former president's office in Century City, California, and presented gifts before a discussion of Russian democratic reforms.

Clinton Says All New Taxes Should Be Used for Deficit

The Associated Press

NEW YORK — Saying he does not blame Americans for distrust in Washington, President Bill Clinton on Wednesday proposed putting all money raised from new taxes and spending cuts into a trust fund dedicated solely to reducing the nation's huge budget deficit.

"The time has come to prove that when we say we're going to do something with the people's money, we actually do it," he said.

"After 12 years of rising deficits and Americans' feeling deceived about the issue, I don't blame the people of this country for being distrustful about what they hear from Washington when it comes to bringing down this deficit," Mr. Clinton said.

Republicans were skeptical all the same. The Senate minority leader, Bob Dole of Kansas, called the proposal, which would have to be approved by Congress, "just a gimmick."

"The American people don't care where new taxes go," he said. "They don't want them, period."

Senator Pete Domenici of New

Mexico, the senior Republican on the Budget Committee, added: "You can put it in a bushel basket. You can put it in a box, and the truth of the matter is nobody should be fooled."

Mr. Clinton, trying to build support for his economic plan by tapping into the deficit-reduction theme popular with Ross Perot and his followers, borrowed the idea from proposals already circulating in Congress.

He spelled out his plan in a speech at the Great Hall of the Cooper Union for the Advancement of Science and Art, which was the forum for speeches by Abraham Lincoln, Ulysses S. Grant, Grover Cleveland, Theodore Roosevelt and William Howard Taft before they became president.

He said his proposal would require Congress to "put every penny of new taxes and the budget cuts proposed in my budget into the trust fund so the American people know that it has to go to deficit reduction."

Practically speaking, the trust fund would not do much more than

is already required under Congress's complicated system of "budget reconciliation," which requires spending and taxes to fall within agreed-upon limits.

It also would not reduce the deficit any more than is already planned, about \$50 billion over five years.

Supporters, however, hope taxpayers will view the trust fund as a legally binding contract that locks in deficit reduction.

"This is a legal guarantee of what the budget reconciliation is supposed to do," said Gene Sperling, the president's deputy assistant for economic policy.

In a victory for Mr. Clinton on Tuesday, Senate Democrats broke a Republican filibuster and sent legislation designed to increase voter registration by almost 50 million people.

The vote to end the last stage of debate that had lasted five years was 63 to 37.

Among the provisions of the legislation is one requiring states to allow registration along with driver's license renewals.

Wisconsin Recounts in Close Race for House

Washington Post Service

WASHINGTON — Officials in Wisconsin's 1st Congressional District began recounting the ballots Wednesday from last week's special House election. The result is expected next week.

Based on official results, Peter Barca, a Democratic state representative, defeated a Republican businessman, Mark Neumann, by

725 votes to fill the southeastern Wisconsin seat vacated by Defense Secretary Les Aspin.

The election likely will hinge on roughly 1,100 ballots from several Republican strongholds that were never counted last week because election officials could not determine who they were for.

The punchcard ballots generally were punched for a vacant line just

below the line for Mr. Neumann, leading Republicans to claim that they had lost on a printing error.

Republicans said that after the election they discovered that in some counties there were many more voters who signed in than were counted. Given that there were no other contests on the ballot, they concluded that the voters were trying to vote for someone.

Colonel's Impassioned Testimony: Service Would be 'Hell' for Gay Son

By John Lancaster
Washington Post Service

WASHINGTON — A senior Marine officer, testifying against President Bill Clinton's plan to lift the ban on homosexuals in the military, electrified a packed Senate hearing room with a poignant and personal revelation about his own son.

"My son Scott is a homosexual," said Colonel Fred Peck, who returned last week from a five-month tour as chief spokesman for U.S. military forces in Somalia. "And I don't think there's any place for him in the military."

Colonel Peck had not prepared his audience for the disclosure, beginning his appearance before the Senate Armed Services Committee with a litany of military objections to lifting the homosexual ban. But

then he started talking about his son.

"If he were to walk into a recruiter's office, it would be a recruiter's dream come true," Colonel Peck said in a voice growing taut with emotion. "He's 6-foot-1, blue-eyed, blond hair, great student."

"But if he were to go and seriously consider joining the military," Colonel Peck added, "I would have to, number one, personally counsel against it and, number two, actively fight against it, because my son is a homosexual."

Colonel Peck's testimony on Tuesday was the most personal and heartfelt plea from any military officer on behalf of retaining the ban and illustrated the depth of emotion within the military services against the president's plan.

He said his opposition to the

plan has nothing to do with "the worth of the individual."

"I love him," he said of his son, now a senior at the University of Maryland's Baltimore campus, as the room fell suddenly silent. "I love him as much as I do any of my sons. I respect him. I think he's a fine person."

Nevertheless, Colonel Peck said, "I've spent 27 years of my life in the military and I know what it would be like for him if he went in. And it would be hell."

"I would be very fearful that his life would be in jeopardy from his own troops," he added.

A Pentagon task force is studying ways to implement the president's plan and is supposed to submit a draft executive order to the White House by July 15.

POLITICAL NOTES

Justice Nominee Ally Speaks Out
WASHINGTON — Howard Reed, the first black member of an exclusive Arkansas country club, says he was recruited by Webb Hubbell, a Justice Department nominee facing criticism for belonging to the club when it was whites-only.

"I would hate to see Webb dragged through a long confirmation process just because he had been a member of a club that did not have a minority member," Mr. Reed said.

A longtime friend of Mr. Hubbell and President Clinton, Mr. Reed is now a top economist in the office of Trade Representative Mickey Kantor. Mr. Hubbell is Mr. Clinton's choice for the No. 3 spot in the Justice Department. (NYT)

Missing: The 80,000 Lobbyists
WASHINGTON — Where did they all come from, those 80,000 lobbyists President Bill Clinton says are "lining the corridors of Washington as never before?"

"I know exactly where they came from," said James Thurber, a professor of government at American University. "Off the top of my head."

Since Mr. Thurber's estimate of 80,000 appeared in a Wall Street Journal article two years ago, it has become the unofficial official number of lobbyists in Washington, the kind of assertion that takes on an aura of fact through continual citation. The consumer groups Common Cause and Public Citizen, federal legislators, major newspapers and now the president have used it as evidence that laws on lobbying need to be changed.

But playing with numbers, especially if it benefits a cherished cause, is a longstanding Washington tradition.

Those who quote the 80,000 figure for lobbyists might be disconcerted to learn how casually it came about, just as Mr. Thurber is more than a bit disconcerted by the uses to which his estimate has been put. The figure was born when a reporter for

The Wall Street Journal, Jeffrey Birnbaum, contacted Mr. Thurber for an article on efforts to revise lobbying laws, which have remained unchanged since 1946. Specifically, he wanted to know how many lobbyists there were in Washington.

Mr. Thurber recalls: "I said, 'Jeff I don't know, 60,000, 70,000, I'm sure 80 is a reasonable figure.'"

Later, Mr. Thurber said, "I got worried about it because I did it off the top of my head."

Most estimates put the number of lobbyists at anywhere from 6,000 to 20,000. Some groups completely dismiss Mr. Thurber's estimate. (NYT)

It's a Turnout Race for L.A. Mayor
LOS ANGELES — With less than a month left in the campaign for mayor of Los Angeles, Richard Riordan, a businessman, leads City Councilman Michael Watai by 44 percent to 37 percent, according to a Los Angeles Times poll of voters most likely to turn out on Election Day.

But the poll gives Mr. Watai a 6-point lead among all registered voters, strongly suggesting that the fate of the election could depend on the size and nature of the turnout June 8. (LAT)

Quote / Unquote
President Clinton, this week: "I've been criticized for doing more than one thing at once. I've always felt — can you do one thing at once? Can you do — wouldn't it be nice if all you had to do was go to work and not take care of your family? Would it be nice if you could pay your bills and not earn any money to pay them? I don't understand this whole — you can't do one thing at once. But anyway, that's what they say."

Stephen Hess, a scholar at the Brookings Institution, commenting on the president's syntax: "Could this be George Bush's revenge? Maybe it's something in the water at the White House." (WPT)

Away From Politics

- The man charged with murdering an abortion clinic doctor has accused the physician of "treason," citing the right to life referred to in the Declaration of Independence. Michael Griffin goes on trial June 21 for the March 10 murder of Dr. David Gunn, who was shot three times as he arrived for work at a clinic in Pensacola, Florida.
- A convicted killer was executed Wednesday by injection in Huntsville, Texas. Claiming his innocence until the end, Leonel Herrera, 45, died before daybreak after staying off execution for several hours with four late-hour appeals. His case led to a landmark Supreme Court ruling on defendants' belated claims of new evidence.
- The coal mine explosion that killed eight miners last December was probably caused by a cigarette lighter igniting a buildup of methane gas, Virginia investigators announced. Southmountain Coal Co., which owns the mine in southern Virginia, also contributed to the explosion by allowing smoking underground, the inspectors added.
- More than \$475,000 was spent sequestering the jury in the federal Rodney King civil rights trial, officials said — or the equivalent of about \$630 a day for each of the 12 jurors.
- A federal jury ruled that City University of New York violated Leonard Jeffries' right to free speech when it removed him as chairman of the City College black studies department last year after he delivered a racially charged speech. Reuters, AP, NYT

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JAN 10 1993

Herald Tribune

Trans-Atlantic Failure

A Task for Allies

The notion that the Europeans have no... The notion that the Europeans have no...

Bosnia could provoke attacks on its peac... Bosnia could provoke attacks on its peac...

Clinton Should Wait

With the failure of Secretary of State... With the failure of Secretary of State...

With the allies in gridlock, this is not... With the allies in gridlock, this is not...

A Mess at the Archives

It is an unhealthy situation when Ameri... It is an unhealthy situation when Ameri...

cluding the move of a great many boxes... cluding the move of a great many boxes...

Other Comment

Lowering the Jolly Roger... Persistent pirate attacks on commercial...

While some pirates have been repelled... While some pirates have been repelled...

Europe's Futility in Bosnia Is an Ominous Symptom

By William Pfaff

PARIS—It is very striking and not a lit... PARIS—It is very striking and not a lit...

Even full ratification of the Maastricht... Even full ratification of the Maastricht...

an governments and elites incapable of... an governments and elites incapable of...

war takes place in Europe; Europe's futu... war takes place in Europe; Europe's futu...

admirable in itself, but wholly marginal... admirable in itself, but wholly marginal...

Clinton and the Economy: A Suspicion of Jobs Gone for Good

By Jim Hoagland

WASHINGTON — To grasp why public... WASHINGTON — To grasp why public...

administration whose success de... administration whose success de...

gain at home and negative fallout... gain at home and negative fallout...



But the Truth Is That Recession Is Fine With a Lot of Americans

By John Kenneth Galbraith

CAMBRIDGE, Massachusetts — Reputable... CAMBRIDGE, Massachusetts — Reputable...

low or negligible economic growth... low or negligible economic growth...

secure also are those Kansas farmers... secure also are those Kansas farmers...

But monetary policy works against... But monetary policy works against...

Reward the Keepers of Biodiversity

By Paul Spencer Sochaczewski

YAP, Micronesia — As a sportsman... YAP, Micronesia — As a sportsman...

stated in a letter to the Micronesian... stated in a letter to the Micronesian...

taxation has its proponents, notably... taxation has its proponents, notably...

Let us now face the fact that for many... Let us now face the fact that for many...

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1893: Woman Spurned

BRUSSELS—An important controversy... BRUSSELS—An important controversy...

1943: Victory in Africa

ALLIED HEADQUARTERS IN NORTH AFRICA — [From our New York edition] Complete victory...

1918: Poland Betrayed

GENEVA—The Gazette de Lusanne publishes this morning [May 12] the conditions of a secret treaty of Brest-Litovsk...

1943: Victory in Africa

ALLIED HEADQUARTERS IN NORTH AFRICA — [From our New York edition] Complete victory...

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It: Ech... WALTERS TO THE EDITOR... Every Saturday in the IHT.

OPINION

This Is It: Echoes of Johnson

By George F. Will

WASHINGTON — When Earl Weaver was manager of Baltimore's Orioles and base of American League umpires, he would charge out of the dugout bellowing, "Are you gonna get any better or is this it?" Today that question is being asked about the Clinton administration. The answer is: This is it.

This is what liberal government looks like: Lyndon Johnson redux. Consider two examples, the administration's plan for fine-tuning the Balkan civil war, and the administration's plan for fine-tuning the fairness of American society.

Consider Clinton's plan for fine-tuning the Balkan war — then think back to Vietnam, the professors' war.

Under the headline "Trying to Level the Battlefield," The Post reported that Bill Clinton plans to "equalize the combatants" by arming Bosnia's Muslims.

The theory, The Post reported, "is that the warring Bosnian Serbs and Muslims eventually will make peace, once they are more equally armed." But the Bosnian Muslim militias must get precisely the right amounts of weapons — enough to prevent the Muslims' defeat but not enough to embolden the Muslims to try to reconquer lost territory.

And George Stephanopoulos, speaking of tightening economic sanctions against Serbia, says: "We certainly would like to make that tightening of the screw work." So, another — what? — one and a third turn? Three and two-thirds?

So far the arms embargo has had the opposite of the intended effect: It has encouraged aggression by the better-armed Serbs. But this time the U.S. government will get it precisely right — just the right mix of arms and sanctions to produce a decision matrix (let's hope the warring parties know they are supposed to start behaving like rational students of game theory) that brings everyone to fruitful negotiations.

This is the real "Vietnam syndrome," the belief of civilians that they can cleverly administer violence and other coercion in precise

and manipulative doses. Vietnam, remember, was a professors' war, long on theories and nuances. Force was dispensed in carefully calibrated increments to "signal" this or that, and to modify enemy behavior by rewarding and punishing the enemy's actions while the United States went about "nation-building" in South Vietnam.

Quick, someone send to the White House Deborah Shapley's book "Promise and Power: The Life and Times of Robert McNamara." And mark pages 321-323 where Mr. George Bundy, President Johnson's national security adviser, outlines a plan for bombing North Vietnam in careful proportion to North Vietnam's violence in South Vietnam.

Operation Rolling Thunder derived, Ms. Shapley writes, "from the intellectual theories of signaling and bargaining among adversaries in nuclear war and of leaders of escalation and de-escalation." McNamara may have imagined the bombing campaign as a balance sheet, with the number of enemy targets hit in one column and measures of enemy activity in the South in the other. Bundy's report even proposed a yardstick: They would publish "weekly lists of outrages" in the South corresponding to the level of "pain" inflicted in the North.

Mr. Bundy's report was written in 1965, three years after Mr. McNamara was presented with Operation Explosion, a plan to arm the South Vietnamese to level the battlefield and bring about negotiations with the Communists. In 1962, Mr. McNamara said of Operation Explosion: "We must take a conservative view and assume it will take three years instead of one year."

The Clinton administration's confidence in its capacity to fine-tune the fairness of American society also resembles the Johnson administration's confidence. The resemblance is particularly striking concerning the racial policies that for 30 years have been disuniting America, producing a proliferation of grievance groups, each claiming victim status and demanding entitlement to special rights.

The Johnson administration fostered the now-rampant ideology of victimism: The evils of American society cripple certain groups; they

must be treated as wards of the state and given preferential treatment. Victimism has given rise to forced busing, affirmative action, racial set-asides, and even the "race-norming" of test scores.

Under race-norming, scores achieved by job applicants on certain tests are segmented by racial groups. Individual scores are reported not in relation to all those taking the test, but only in relation to others in the racial group. Blacks are only compared with blacks, Hispanics only with Hispanics.

The 1991 Civil Rights Act supposedly outlawed race-norming. But Section 403 of Mr. Clinton's education bill calls for a system of assessment and certification of skill standards that uses "certification techniques that are designed to avoid disparate impacts (which, for the purposes of this subparagraph, means substantially different rates of certification) against individuals based on race, gender, age, ethnicity, disability or national origin."

This is race-norming (and gender-norming, etc.). It is just another facet of the Clinton administration's Johnsonian confidence in its ability to fine-tune the world, bringing reality into conformity with ideology. By the way, an interesting word describes the effect that policies like race-norming have on American society: Balkanization.

Washington Post Writers Group.

The Muzzle of 'Correctness' Has an Ugly History

By Richard Harwood

WASHINGTON — In "Albion's Seed," his great history of the colonization of America, David Hackett Fischer describes some of the penalties for politically incorrect speech in Puritan Massachusetts in the 17th century. Quakers, he writes, "were punished with special ferocity. Some were branded in the face and 'burned very deep with a red-hot iron with H. for heretic.' Others had their

MEANWHILE

cars cut off, faces scarred and nostrils slit open in a saturnalia of sadistic punishment. . . . Four Quaker women were ordered to be stripped to the waist, tied to a cart's tail and conveyed 'from constable to constable,' through 12 New England towns, and to be whipped in every town. The women were fogged so terribly that the blood coursed down their naked backs and breasts, until the horrified townsmen of Salisbury rose against the constables and rescued them."

In Boston in 1637, a synod of the clergy listed 32 forbidden opinions that were to be rooted out as blasphemous, erroneous and unsafe. From 1656 to 1662, a purge of heretics took place. Four were hanged, many others were maimed and mutilated and others were banished. In 1691 and 1692, witchcraft trials conducted by a special commission convicted 32 men and women. All were put to death. American history is full of efforts to

eradicate dissent and dissenters, to suppress unpopular opinions, to muzzle "incorrect" speech. Laws and vigilante committees were used to impose political orthodoxy on newspaper printers during and after the Revolutionary War. The army was sent out during the Civil War to smash printing equipment and shut down "copperhead" newspapers.

Mobs sacked many newspapers and murdered or assaulted many editors over the years who dared to challenge, mock or repudiate conventional wisdom. The Record in Marion County, Kansas, reported in 1876 the acquittal of a man who had murdered an editor: "That's just the way of some juries — they think it no more harm to shoot an editor than a Jack-rabbit."

Prosecutors and police tracked down and imprisoned pacifists and Socialists during and after World War I. The witchhunts of the McCarthy era are fresh in my memory. Which books, magazines and newspapers did you read? Which ideas did you express? Who were your friends and enemies? Young civil rights workers were murdered in the South in the 1960s because of the words they spoke: End segregation.

We have entered a new period of repressive orthodoxy and conformity. Codes on "word crimes" have been promulgated by at least 300 universities and colleges across the land, creating an atmosphere of fear

and uncertainty over the "acceptability" of words, attitudes and opinions. People are not murdered or mutilated. But their careers and reputations can be put at risk by the words they write or speak.

At the University of Michigan the faculty is warned against "discriminatory" utterances "based on race, color, creed, religion, national origin, sex, sexual orientation, ancestry, age, marital status, handicap or Vietnam-era status that has the purpose or effect of creating an intimidating, hostile or offensive environment for academic pursuits, employment, housing or participation in a university activity." So is it now a speech crime at Ann Arbor and other schools to refer to the president as a "draft evader" or to refer to Davidians as "fanatics"? Are those words "intimidating" or "offensive"?

A respected scholar and dean at Washington College, was accused recently by a leader of a gay group who accused him of being "a bigot, a Nazi, a person like those who persecute Jews; garbage, lower than garbage." The dean's "crime" was to speak in opposition to a "domestic partners" proposal that had financial implications for a college operating in the red. The alliance demanded that he be formally censured by the college and forced to recant. These demands were rejected. Nevertheless, as the dean noted, the mere charge that he is "homophobic" is itself "career threatening" today.

In this new era of orthodoxy, the press plays a variety of roles. It oozes and then

reminds us — as a handful of papers did in the McCarthy era — of the protections for free expression Americans are supposed to enjoy under the First Amendment and of the social and political values it is intended to protect. It also acts as something of an "enforcer" of orthodox speech and doctrine by ferreting out and punishing with publicity people guilty of speech regarded as sexist, racist, anti-Semitic or otherwise offensive to one group or another. The politician who tells a sexist joke at the Elks Club is likely to wind up on the front page and the evening news.

Newspapers themselves are finding it difficult to resist internal and external pressures to conform to various orthodoxies and agendas.

Howard Kurtz of The Washington Post has published a new book in which he describes the modern newspaper as a "house divided" along lines of race, gender, sexuality and ethnicity: "The inevitable result of such a polarized atmosphere is for everyone concerned to tiptoe around explosive subjects, hoping to avoid stepping on . . . a land mine." He calls that "a surefire prescription for more of the bland mush that plagues so many editorial pages." It is also a prescription for averting our eyes from the erosion of the First Amendment and the suppression or discouragement of nonconformist thought and speech that is occurring all around in the United States today.

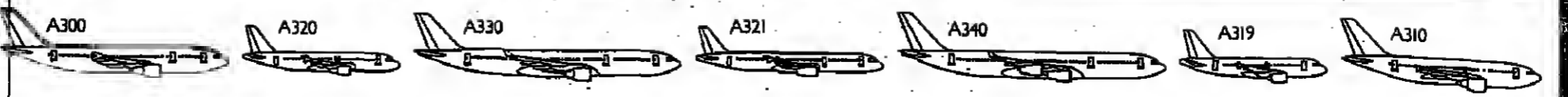
The Washington Post.

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LETTERS TO THE EDITOR

The Blame for Waco

It is difficult to understand the United States, or at least its press. A fanatical band buys \$200,000 worth of heavy weapons, shoots and kills four law officers, holes up in a fortress for almost two months, all the while threatening death and destruction, and in a remarkable bit of theater, finally immolates itself. This act is then said to be the fault of the president of the United States and of the police, who should have known better than to spray the victims with tear gas.

PAUL de TRACY, Paris.

Of all the "cult experts" newspapers have quoted, not one has offered an alternative course the government might have taken except to wait and see. David Koresh had no intention of coming out or of letting anyone else do so. It is doubtful that, even when the Branch Davidians reached a point of thirst and starvation, they would have surrendered. They either would have died agonizing deaths or set fire to the compound, much as they did when the FBI tried to enter.

There is simply no precedent of such a stand-off being resolved peacefully. The situation with Jim Jones and his followers in Guyana ended with 10 times the loss of life. We need to stop pointing fingers and to learn from this incident through analysis, rather than blame, so that next time (and there is sure to be one) may not end in tragedy.

PAM R. JENOFF, Cambridge, England.

Things Can Change

Regarding "Italy: They Will Clean Up Their Acts, but Probably Not Much" (Opinion, April 23) by Leslie H. Gelb:

It is not that Italy's Christian Democrats or Socialists opposed the wildly successful referendum to eliminate the proportional system and construct an English- or

American-style electoral system. But they had had their chance for months in the parliament's electoral reform commission to effect change sooner.

Too bad the commission accomplished nothing. With its failure, the reformers took it to the people, and woo hands down. This has been going on here for a few years: taking it to the people. Two years ago the people voted another fundamental electoral change, eliminating the so-called multiple-preference system, which in effect allowed the Mafia to control who voted for whom in the South. The secret ballot effectively arrived in Italy only two years ago.

Meanwhile, Umberto Bossi, whom Mr. Gelb labels a "fiery demagogue," has become the major political force in the North. He has managed to create not a new coalition but a new party. Mr. Bossi may gesticulate a lot (as do most Italians) but his "preaching," as Mr. Gelb puts it, is about as extreme as that of Bob Dole. His brand of federalism, far less extreme than that guaranteed by the U.S. Constitution, is another example of people power, Italian-style.

Serious changes are occurring here. There is a mentality shift; new, young, active politicians of all flavors; an interest in politics on the part of young people, taxi drivers, junior executives, housewives, all of whom exhibit anything but the attitude of non cambia niente.

JON J. COOPER, Milan.

The Knives Are Out

Regarding "Israel Acts, Jordan Reacts" (Letters, April 16) from El Hassan Bin Talal:

The Jordanian crown prince complains about Israel closing its borders to Palestinian workers from the West Bank and the Gaza Strip, but fails to mention the innumerable stabbings of private Israeli citizens by Palestinians.

BERNARD RICHTER, Los Angeles.

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THE REPORT

every Saturday in the IHT.





SELF-DEFENSE IN RUSSIA — A weapons instructor showing a Muscovite how to fire a gas pistol on Wednesday. A new law allows ownership of the weapons for self-defense, provided they are registered and that owners have passed a course on their use.

Yeltsin Sets Assembly On Charter For June 5

MOSCOW — Boris N. Yeltsin on Wednesday ordered a special assembly to convene next month to complete a new constitution for Russia, one that would strengthen his powers as president. The decree was Mr. Yeltsin's boldest step yet to replace a constitution adopted in the Soviet era. The constitutional assembly will consist of two delegates from each of Russia's 88 regions and republics, as well as representatives of the president and parliament. It will convene in Moscow on June 5 and complete its work on a draft constitution by June 10. Mr. Yeltsin gathered senior regional officials in the Kremlin on Tuesday to help draft the new constitution, while his parliamentary rivals worked on their own version across town. Each side accused the other of lacking the authority to replace the 1977 constitution, which has become the focus of a power struggle between Mr. Yeltsin and his foes in the Congress of People's Deputies. Under a draft proposed last month by Mr. Yeltsin, he would gain the power to dissolve parliament, appoint the cabinet and introduce a state of emergency. He also wants to replace the Congress, the nation's highest parliamentary body and a stronghold of his opponents, with a bicameral legislature. One legislative critic, the deputy parliament speaker, Nikolai Ryabov, has asserted that Mr. Yeltsin was trying to draft a constitution that "practically establishes a constitutional monarchy." In response, Mr. Yeltsin said Tuesday: "This constitution should be described as monarchical if the people are regarded as a monarch," the Inter-Tass press agency reported.

Who Bugged Charles and Di?

By Eugene Robinson
Washington Post Service
LONDON — Who has been bugging the British royal family? The government angrily denies doing it. The tabloid newspapers say they are not the ones. But there were new assertions on Wednesday that someone, somewhere, has been eavesdropping on the British royals on a regular basis.



The Princess of Wales paying a visit to an AIDS center on Wednesday in Cornwall.

But the existence of the transcript, if genuine, deepens the mystery of who might be eavesdropping on the royals. It would be the latest in a series of such conversations that were somehow overheard and transcribed. First came the "Squidgy" tape last August, in which Diana complained by telephone to a male friend about her loveless marriage to the heir to the British throne. Then, two months later, came transcripts of a taped telephone conversation between Charles and the woman said to be his mistress, Camilla Parker Bowles.

In each case, one party was using a mobile telephone — making it theoretically possible for them to have been picked up by ham radio operators. A retired bank manager claimed to have recorded the "Squidgy" tape on his ham equipment before passing it on to the tabloids. But experts have said it is extremely unlikely for mobile phone conversations to be captured with such clarity by amateurs, and there are some indications that the conversations may have been recorded and then re-broadcast in a way that made them easier to pick up.

At the time, the government categorically denied that MI5 or any of the security services had been involved. But the government has ever announced its version of how the phone conversations came to light.

The conversation that surfaced Wednesday, by contrast, was a face-to-face talk between Charles and Diana in the privacy of their home. Unless it is a fake, someone must have recorded it — either the intelligence services, some member of the royal staff, or the royals themselves.

Charles and Diana announced last December that they had decided to separate after 11 years of marriage. Charles' new life primarily at Highgrove, while Diana lives in London at Kensington Palace.

France Seeks a Greater Role in NATO

By Alan Riding
New York Times Service
PARIS — France, which has long played a maverick role in NATO, is now eager to build a closer military relationship with the Atlantic alliance, the country's new defense minister said Wednesday. In an interview with Le Monde, the minister, Francois Léotard, said that "good sense, lucidity and prudence" were leading France to adjust its relationship with NATO following the end of the Cold War and the reduction of the U.S. troop presence in Europe. Mr. Léotard, who took office after a conservative coalition was swept into office in general elections in March, said that France would not revoke Charles de Gaulle's decision to withdraw French troops from the North Atlantic Treaty Organization's integrated military command in 1966. But he said he wanted France to follow Spain's example. Madrid has also kept its troops out of the

alliance's military structure, but nonetheless sends its defense minister to participate in twice-yearly meetings of NATO's Nuclear Planning Group and Defense Planning Committee. "We must take note of the immense geostrategic convolution taking place around us," he said. "Threats have not disappeared. They have merely changed in nature. The alliance must take on new missions. France must understand this change and not allow others to define it."

Germans Jail 6th Attacker

FRANKFURT AN DER ODER, Germany — The last defendant in a much-publicized racist slaying in Eastern Germany was convicted Wednesday of aggravated rioting and sentenced to four-and-a-half years in prison. The victim, Amadeu Antonio Kiowa of Angola, was beaten to death by a gang of skinheads (30 miles) northeast of Berlin, in 1991 as a wave of violence against foreigners was rising in Eastern Germany. While Mr. Kiowa's death be-

came a rallying point for Germans who opposed neo-Nazi violence, prosecutors were unable to bring charges of murder or manslaughter in the case. Gang members denied responsibility for the fatal hit. In a trial last September, five members of the gang were convicted of aggravated battery with fatal consequences and were given sentences ranging from four years in prison to two years on probation. The last trial ended Wednesday with the conviction of Kay-Nando B. 22, for aggravated rioting with dangerous injuries.

At present, France only attends NATO Council meetings, where the alliance's foreign ministers draw up broad political strategy. Even before the recent change of government here, however, there were signs that France felt it should join a debate in NATO about the alliance's future military role. As evidence of this, Mr. Léotard pointed out that France had agreed in January that a new French-German army corps should come under NATO's command in moments of crisis in the region. The minister did not say when France might return to its seat in the Nuclear Planning Group or the Defense Planning Committee, but he said that he wanted French military officers to be more present "from now on" at the Brussels headquarters of NATO.

Many banks are returning to their roots.

Thank goodness there's one bank with its roots in the world.

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Cecil Lyon, 89, U.S. Diplomat, Dies

WASHINGTON — Cecil T. F. Lyon, 89, a retired Foreign Service officer who had served as U.S. ambassador to Chile and to what is now Sri Lanka, died of pneumonia and congestive heart failure April 6 at his home in Hancock, New Hampshire. His career included several assignments in Washington and service in Havana, Hong Kong, Tokyo, Beijing, Santiago, de Chile, Cairo and Warsaw. In 1950, he was assigned in Berlin as director of the Berlin element of the office of the high commissioner for Germany and deputy commandant. He returned to the State Department in 1954 as director of the office of German affairs, then in 1955 was named deputy assistant secretary

of state for Inter-American affairs. He was appointed ambassador to Chile in 1956 and served there until 1958, when he was named minister in Paris. Mr. Lyon served in Paris until 1964, when he was named ambassador to Ceylon (which became Sri Lanka in 1972). The following year he was appointed ambassador to the Maldives, and he served in both capacities until 1967. He retired from the State Department in 1968. **Penelope Gilliatt, 61, New Yorker Film Critic** NEW YORK (AP) — Penelope Gilliatt, 61, a writer of fiction, journalism and screenplays, and a longtime film critic for The New Yorker, died Sunday in London. Ms. Gilliatt was best known for

the film criticism she wrote from 1968 to 1979 for The New Yorker, where she shared reviewing duties with Pauline Kael, and for her screenplay for "Sunday, Bloody Sunday," a 1971 film starring Glenda Jackson and Peter Finch that received an Academy Award nomination for best screenplay. **Dr. David H. Blankenshorn, 68, a professor of medicine at the University of Southern California who pioneered research showing that a low-fat diet and drug therapy can reverse heart disease, died of cancer Sunday at his home in Pacific Grove, California.** **Algermon D. Black, 92, a teacher and the leader emeritus of the New York Society for Ethical Culture, died Sunday in Rye, New York.**

EUROPEAN TOPICS

They'll Hold Reins, Not Rifles, for France

France, which already offered its young men a variety of alternatives to traditional military service, has added a "green option." Beginning next year, about 250 recruits will be able to perform their service in jobs related to the environment — like the horse-mounted enlisted men who will help inspectors in Alsace.

A 1992 law recognized five alternative categories of service, ranging from government-related work abroad to police-support work and conscientious objection. Though 94 percent of recruits still opt for traditional service, there is a clear trend, the daily Liberation reports, toward the alternatives.

But the 1992 law, which reduced military service to 10 months, still requires conscientious objectors to perform two years' duty, as hospital orderlies for example. Objectors — there were 4,933 last year — say this is discriminatory, and a group is now on a nine-city tour of France to rally support.

Around Europe

Horse calls comprise half of all doctor-patient contacts in Belgium, which Le Journal du Médecin says is a world record. But as traffic and parking problems worsen, doctors are suggesting more forcefully that the government could save money by reimbursing horse calls at a lower rate than visits to the office, where conditions in any case are better for medical exams.

In Britain, meanwhile, waiting lists at National Health Service hospitals are reaching the politically sensitive figure of 1 million. The lists grew from 915,607 in March 1992, to 992,324 a year later. Pointing to the bright side, the government notes that the number of patients waiting more than one year is down by 29.8 percent.

Hanna Suchocka, the Polish prime minister, is forming a "club of Europe's leading women." Those invited to an organizational meeting in Krakow on

Herald Tribune

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Opposition in Morocco Unites for June 25 Vote

RABAT, Morocco — The four main opposition parties, split for decades, announced Wednesday that they had adopted a joint platform to contest elections on June 25 for the 333-seat legislature.

Diplomats say that a united opposition could pose a strong challenge to the recently formed centrist groups. The alliance comprises the nationalist Istiqlal Party, the Socialist Union of People's Forces, the Party of Progress and Socialism, and the Organization for Democratic and Popular Action.

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HEALTH / SCIENCE

The Seven Deadly Sins Among Bad Habits, Some Surprises

By Jane E. Brody
New York Times Service

LOS ANGELES — As if he were a medieval artist depicting the depravity of the seven deadly sins, Dr. Lester Breslow, a California public health specialist, has created a solemn portrait of self-destruction. The weapons are seven unwholesome habits he first identified more than a quarter-century ago.

By following the fates of nearly 7,000 adults living in California's Alameda County over three decades, he proved that the more of these poor health habits people practiced in 1965, the greater their chances were of dying within 10 years.

And now his latest study shows that even fewer people than thought escape the ravages of their health "sins." In a study conducted with his son Norman, a statistician at the University of Washington in Seattle, Dr. Breslow has shown that the unhealthy habits portend not only early death for many but chronic and costly disabilities for those who survive.

Even fewer people than was thought escape the ravages of these habits

Two of the poor health practices, as Dr. Breslow calls them, obesity and physical inactivity, are reminiscent of the ancient sins of gluttony and sloth.

The others include both the predictable — smoking and drinking too much alcohol, and the surprising — sleeping too much or too little, eating between meals and skipping breakfast.

Based on studies he and others did in the 1960s, Dr. Breslow singled out these seven factors as likely to predict an early death.

His first Alameda County report revealed in 1972 that in combination these poor health practices could double a person's chance of dying prematurely.

Now, in his latest paper, published in the journal Preventive Medicine, Dr. Breslow reports that even when the practices do not lead to an early death, they increase the risk that a person will suffer one or more physical or medical limitations that can degrade the rest of his or her life.

Their study found that those Californians whose lives in 1965 were characterized by six or seven of the poor health practices were twice as likely to be disabled 10 or more years later as were their neighbors with no more than two of these habits.

Even without taking age or initial health status into account, among those with no poor health habits or just one, 12.2 percent were disabled, and for those with two or three poor health habits, 14.1 percent were disabled. In contrast, 18.7 percent of those with four or more poor health habits were disabled.

Dr. Jonathan Fielding, chairman of the board of the nonprofit California Wellness Foundation and chief health-policy planner for Johnson & Johnson, said Dr. Breslow's newest study was "critically important" at a time when the United States is trying to revamp its approach to health care.

"The results really say that how you live determines how long you will live without your state of health interfering with the things you want to do or forcing you to make changes in your life to accommodate your health problems," he said in a

telephone interview. The Breslows' findings underscore a theme that public health specialists have been promoting for decades to a nation that has listened with less than half an ear: preventive health practices are important not only in decreasing premature deaths but also in reducing costly debilitating illnesses.

Dr. Breslow fears that current efforts to overhaul the health-care system put the cart before the horse by focusing on crisis medicine.

"It's a gross mistake to call what is being attempted now by the Clinton administration health-care reform," Dr. Breslow said in a recent interview. "It is medical-care reform. To reform health care, we have to address how health care can be maintained apart from medical services."

"There are indications that the Clinton administration is aware of this, but the issue is not yet being tackled as an integral part of the reform effort."

Dr. Fielding said economic incentives for companies, health maintenance organizations and individuals would be needed to goad them into fostering and practicing preventive medicine.

Dr. Breslow, a professor emeritus at the School of Public Health of the University of California at Los Angeles, is perhaps his own best advertisement for the merits of disease prevention.

Nothing that he has avoided all seven of the poor health practices for most of his life, the 78-year-old researcher, who retired in 1980, said he worked "only eight days a week." He also swims, continues to eat sensibly and maintains a normal weight.

"With people of the United States now living typically into their 70s and 80s, the personal and social importance of maintaining health into the later years is mounting," the Breslows wrote. "People are increasingly concerned about how to avoid disability during their longer lives."

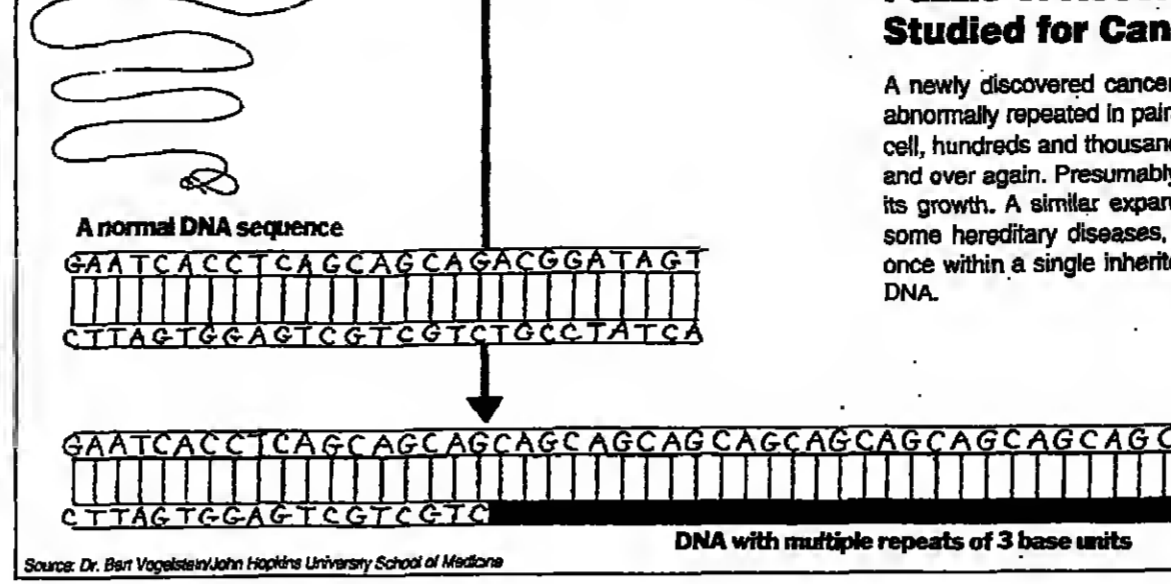
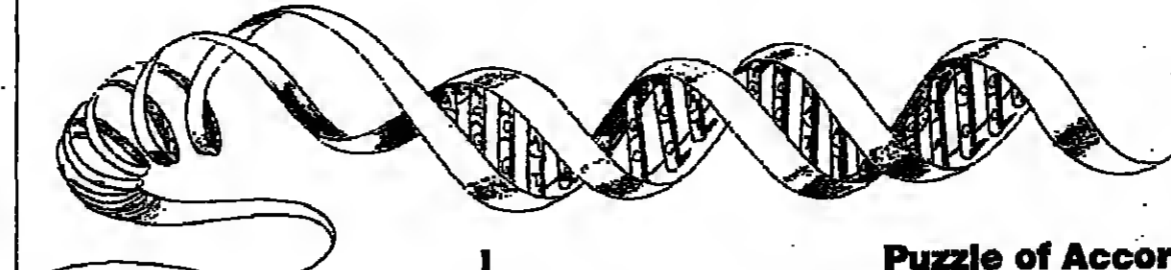
ACCORDING to the latest survey of American health practices, the decades-long trend toward healthier living habits has taken a turn for the worse.

In December, Louis Harris and Associates polled 1,251 randomly selected adults in a survey by telephone conducted for Baxter International, a Michigan producer of health-care products and services. The survey included many of the same questions the Harris poll takers have been asking every year for a decade.

The 1992 survey showed that compared with the findings in 1991 or, say, 1983, more Americans were overweight and were eating less carefully, exercising less and getting less sleep.

But for some of the health practices Dr. Breslow has been studying, the survey findings were encouraging. Cigarette smoking, the nation's single most damaging and costly habit in terms of health, was practiced by only 24 percent of adult Americans, and 70 percent of them said they wanted to quit.

The survey also found a rise in the number of people who said they drank alcohol either moderately or not at all, and a decline in the number who said they consumed more than three drinks on any given day.



Source: Dr. Bert Vogelstein/Johns Hopkins University School of Medicine

Puzzle of Accordion Gene Studied for Cancer Clues

A newly discovered cancer gene causes segments of DNA to be abnormally repeated in pairs or triplets in tumor cells. In each tumor cell, hundreds and thousands of short units of DNA are copied over and over again. Presumably this destroys the cell's ability to control its growth. A similar expansion of short DNA segments occurs in some hereditary diseases, but in them the expansion occurs just once within a single inherited gene, rather than throughout cellular DNA.

Cancer-Hereditary Link Stuns Scientists

By Gina Kolata
New York Times Service

NEW YORK — Biologists are agog at a remarkable connection between hereditary diseases and cancer that came to light last week. The connection is that cancer, like some hereditary diseases, can be caused by a strange stuttering in the individual's DNA, the effect of which is that small segments of the hereditary material are copied many times over.

The multiple copying, first discovered about two years ago, startled geneticists because it was a novel form of mutation. Three-unit segments of DNA were present in as many as 200 copies, strung together as if the cell's copying mechanism had jammed at that point and turned out the same triplet of bases over and over instead of continuing up the DNA strand. These cascades of multiple triplets lengthened with each generation, and the longer they were, the more severe the disease.

Genes with repeated triplets have been found to underlie four genetic diseases: Huntington's disease, myotonic dystrophy, fragile X syndrome, and spinal and bulbar muscle atrophy. In at least two of these diseases, Huntington's disease and myotonic dystrophy, people who developed the disease earlier in life had longer strings of multiple triplets.

The origin of these miscopied DNA triplets in hereditary disease is unknown, and scientists are still trying to determine the exact mechanisms by which they cause ill-

ness. The new cancer gene reported last week considerably broadened that mystery because it showed that a very similar miscopying occurs in the tumor cells of individuals who inherit the gene. The gene's existence and approximate location were discovered by teams led by Dr. Bert Vogelstein of the Johns Hopkins University School of Medicine and Dr. Albert de la Chapelle of the University of Helsinki in Finland.

Dr. Vogelstein said the chances were 90 to 100 percent that people who inherited the gene would develop colon cancer or one cancer of the stomach, small intestine, gall bladder, urethra, pancreas, ovaries, uterus or kidney.

But the hallmark of the gene is its effects on tumor cells. The cells have hundreds of thousands of regions where triplets or sometimes shorter units of DNA are copied over and over again. Dr. Vogelstein framed the problem to the chaos caused by a copying machine that is supposed to produce 10 copies and instead prints 20. How the inherited gene causes the miscopying is unknown. It differs from all other known cancer genes. Those are mutations of normal genes, which function by putting brakes on cell proliferation. The mutations release those brakes, allowing cells to divide wildly.

As researchers try to understand the new discoveries, they are asking whether the occurrence of repeated triplet genes in both cancer and hereditary diseases is a coincidence or whether there is a deeper meaning. Some scientists suspect that the similarities are significant and believe the apparent connection is too fascinating to dismiss. Others

caution that the two discoveries might have nothing to do with each other.

"At the time that expanding genes were first found, the notion was that they could have an impact on cancer, because they represented a possible way for cells to lose normal controls of growth and development," said Dr. David Housman, a molecular geneticist at the Massachusetts Institute of Technology. Now, he added, that hunch has proved correct.

The same view is held by Dr. Stephen Thibodeau of the Mayo Clinic in Rochester, Minnesota, who has studied gene expansions in fragile X syndrome and in colon cancer. He reported last week that 17 percent of the patients he studied had these expanded genes and added that there was likely to be a relationship between expanding genes in hereditary diseases and cancer. "There really are a lot of similarities," he said. "I really do think that this is more than just chance."

BUT Dr. Eric Lander, a molecular biologist at MIT, cautioned that the connection between cancer and the hereditary diseases could be spurious. The cancer gene, he said, may lead more generally to all sorts of mutations and not be at all specific for repeated triplets. That could happen, for example, if the cancer gene destroyed a cell's ability to faithfully copy its DNA when it divides.

Dr. David Ledbetter, a cell biologist at Baylor University College of Medicine in Houston, said that, although the cancer results were "very novel, surprising, and excit-

ing, I don't know what they mean." He noted that in fragile X syndrome, which he studied, the relevant gene is a constant size in normal people, in those with the disease, the gene is huge but also varies in size from cell to cell in the same person.

In colon cancer, however, the gene's length varies enormously from cell to cell, even within the normal size range. Dr. Ledbetter added. That means that in cancer, genes do not have to become gigantic before their sizes are unstable. He concluded that hereditary diseases and cancer could use very different mechanisms to create the expanded genes.

For example, Dr. Thibodeau said, people with fragile X syndrome have more than 200 repetitions of a three-unit segment in the fragile X gene, but in normal individuals the unit is repeated only six to 60 times. Patients with myotonic dystrophy have more than 50 repetitions of a unit in their gene, compared with the normal quotient of five to 27.

In cancer, different cells of the tumor seem to have different numbers of repetitions, and segments that are expanded in one cell may be of normal size in a nearby tumor cell.

Scientists have no idea what these repeated units do. Researchers have speculated that they might be sites for recombination, the breaking and rejoining of DNA during cell division. Another possibility is that they somehow enhance the copying of DNA.

But whatever they do, Dr. Vogelstein said, there is something about them that makes them hard to copy accurately when cells are dividing.

Study Confirms Smoking's Role in AIDS

LONDON — A British study has confirmed prior suspicions: HIV-infected people who smoke develop full-blown AIDS twice as quickly as people with the virus who don't smoke.

"Cigarettes and HIV together double the insult on the immune system," said Dr. Richard Nieman, a research fellow at the National Heart and Lung Institute in London.

The findings are to be published Friday in AIDS, an international science journal.

The study, conducted at St. Mary's Hospital in London, included patients first diagnosed with HIV between 1986 and 1991. Researchers examined medi-

cal records of 84 patients who went on to develop AIDS.

They compared 43 AIDS patients who smoked at least 10 cigarettes a day to 41 HIV-infected nonsmokers. Nonsmokers included people who never smoked or had quit at least one year prior to diagnosis and had not smoked since.

Dr. Nieman said the smokers developed AIDS in about 8.2 months compared to 14.5 months among nonsmokers.

Preliminary research from his lab suggests that the AIDS virus sneaks into lung cells more easily in smokers compared to nonsmokers.

Patients with HIV in lung cells tend to have a worse prognosis, he said.

How to make an international call without Sprint Express.

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4 Dust off your foreign language phrasebook and look for the page on "asking the telephone" (it's right after how to say "We have lost our luggage" and "Stop, this!").

5 Look for the number of the party you're trying to call. Get ready in tell them how successful and relaxing your trip has been so far.

6 Back at the hotel, ask to see your bill. Notice that last night's calls to Funtun, Tuntun have cost you 10 weeks' pay. Rather than get an ulcer over it, seek some relief and go to look for a better way next time.

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ART

A Cézanne Tops \$28 Million

By Souren Melikian
International Herald Tribune

NEW YORK — In a remarkably strong sale of Impressionist and Modern masters that totaled \$79.9 million, Sotheby's sold Paul Cézanne's still life "Les Grosses Femmes" for \$28.6 million. The picture, which nearly doubled the high estimate announced before the sale by Sotheby's experts, set a record for the artist.

Painted in the early 1890s, this is far and away the most beautiful still life by the master seen in the open market since it last appeared in London in 1958. It had then sold for £90,000. The Paris-based U.S. dealer Waring Hopkins says that only two other still lifes of comparable quality have been seen in the private market in the intervening years. The painting, which was merely identified by Sotheby's as "the property of a European private collector," was consigned by George E. Bivinos, a Geneva-based Greek businessman greatly admired by connoisseurs for his discriminating eye.

The high price achieved by the Cézanne on Tuesday night had a perceptible impact on the rest of the sale by showing potential buyers that big money is available for art where warranted. It definitely helped the second star lot, the portrait of a Moroccan woman painted in 1912 by Matisse. The standing half caste woman, "La Mulâtresse Fátma," is painted in a color scheme borrowed from Iranian book painting that Matisse had admired in the epoch-making exhibition of Islamic art held in Munich in 1910. The distortion of the human body betrays the influence of Cubism, resulting in a certain stiffness that did not appeal to all art lovers. Nevertheless, it made it to \$14.3 million.

The third highest price, \$6.7 million, was paid for Renoir's view of a garden, "Femmes dans un Jardin" painted in 1873. Done in juxtaposed color dots typical of the first Impressionist phase, it belongs to a period of Renoir's oeuvre that hardly appears at auction any more.

The picture generated intense bidding. As John Marston's hammer came down on the \$6.1 million winning bid, smiles broke out on the faces of all Sotheby's staff standing on the podium. The room broke out into applause. It was the evening's first success, contrasting with the silence that greeted all works of inferior quality that fell mostly dead without any bidding.

The born-again art market is strong but tough and totally professional.

BRIDGE

By Alan Truscott

THE defending champions in the 1993 Von Zedwitz Double Knockout Team Championship are headed by Michael Camp. His team suffered a surprising loss in the first round to a low-ranked squad, but stayed alive in the one-defeated bracket by winning a match Monday night, played at the Young Men's Philanthropic League at 4 East 80th Street.

Camp helped this team considerably with some fine card reading on the diagrammed deal. When his partner balanced with two clubs he liked his diamond ten and ventured two no-trump. Barbara Halberman as North naturally continued to three no-trump and West led a heart.

Dummy played low and East would probably have beaten the contract with a routine heart return. But he cashed the spade king and then played a heart, giving South a vital clue. West had dropped the jack, a play he could not have afforded if he had held a jack-ten combination. An unblock with J-x seemed probable, so Camp decided that East had begun with four spades. The lead suggested that the hearts were divided four-four, which meant that East had begun with exactly five cards in the minor suits.

If East's original distribution had been 4-4-3-2, in that order, West would have begun with four diamonds and would presumably have led one of them. So Camp concluded that East's original distribution was 4-4-1-1, and he therefore led to the club king, finessed dummy's ten successfully and made his game. In the replay, East-West played in three hearts, for a gain of 11imps.

NORTH
♠ Q 4
♥ A 8
♦ J 2
♣ A Q 10 8 5 5

SOUTH
♠ A K 10 3
♥ K 10 4 3
♦ K 8 7 4
♣ 7

WEST
♠ J 7 6 2
♥ Q 8 6
♦ J 9 4 3
♣ 7

EAST (D)
♠ A K 10 3
♥ K 10 4 3
♦ K 8 7 4
♣ 7

North and South were vulnerable.
The bidding:
East: 1NT
South: 2NT
West: Pass
North: 3NT
East: Pass
South: 4NT
West: Pass
North: 5NT
East: Pass
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North: 7NT
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South: 8NT
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Preparing for a career in business still involves hard work poring over texts in a library, yet students today have access to data networks, personal computers and electronic mail.

education

Tough Market Economy Forces Schools to Change

Pushed by demographics, economic conditions and their corporate clients, business schools in the United States and Europe are in the midst of a remarkable upheaval. Top-ranked and less prestigious institutions alike are re-evaluating and transforming the traditional style of business education as a result of intensified competition both for students and for funds.

Only a few years ago, business schools were sure to be deluged by an ever-growing number of applicants. Deans knew that most of their graduates, armed with a solid, classroom-bound mix of finance, marketing and management courses, were certain to enjoy several offers of good-paying jobs.

Vying for students is commonplace

employment possibilities. And companies have made it clear to business schools that graduates need new skills for the '90s — among them, the ability to handle cultural diversity in the workplace, communicate more effectively and operate in a global environment.

In the past, students emerged with their MBAs confident that they had "knocked" out their strategy and finance, observes Paul Danos, associate dean at the University of Michigan School of Business Administration. Companies aren't so impressed these days. "The clients were saying, 'You may have that, but you can't solve the problems we have,'" Mr. Danos says.

At Michigan, these complaints led to the creation of a program this year that requires all students to devote a substantial amount of their time to internships with corporations. While there, the students re-engineer company projects or engage in

other hands-on activities, under the direction of faculty. The London Business School instituted a re-vamping of its curriculum this year, stressing international awareness and practical problem-solving. "This was a major change," says Professor Andrew Lickson, deputy principal of the school. "We wanted to be ahead of the game." Three years ago, the student body is expected to be about 50 percent international, and the school is stepping up recruitment in the Far East and the Pacific Basin, believing that a diverse mix is invaluable for those who want to think globally.

At the Manchester Business School, courses have been added on corporate responsibility and environmental management. Professor Tony Cockerill, head of the school, notes that "the MBA qualification is becoming generic," so schools now must appeal to both potential students and companies on the basis of their unique offerings.

Indeed, with close to 700 business programs in the United States and 100 in Britain, the market is apparently nearing the saturation point. There have been no shutdowns of any significant programs, but enrollments at more than a few schools are down. "There probably will be a shake-out of some sort" in the United States, says Dick Kwartler, editor of The MBA Newsletter, a Floral Park, New York publication. "There doesn't seem to be a way all of the programs could survive until the year 2000."

Thomas Keller, dean of Duke's Fuqua School of

Business, describes the hustling for students, money and faculty as "fierce." In terms of funding for private institutions, he says, the situation has been exacerbated by declining state education budgets, which has increased competition for corporate funds for public and private business schools. A growth in business programs at the undergraduate level has sharpened the demand for faculty, thus elevating the salaries that graduate programs must pay.

One way that schools are moving to guarantee more stable enrollment patterns is to establish links to companies that provide special MBA programs for their employees. Michigan is setting up such a relationship with Cathay Pacific airlines, and Mrs. Danos believes that eventually up to 40 percent of the MBA class there could be employees of companies partnering with the school. Michigan's full-time students will benefit from the exposure to workers grappling with "real world" problems, while the Michigan faculty will gain insights into the functioning of the firms.

A decade ago, these intimate ties would have been suspect in the academic business world. That changed, Mr. Danos says, with the recognition that "the old notion — that we could stand off and understand what is going on in business — is what got us in trouble."

Some business academics think some caution may be in order. Harry L. Davis, deputy dean of the University of Chicago business school, said at a recent forum: "As the



Across frontiers: A woman graduate from Beijing studies in Paris for an MBA.

business community keeps saying, 'Do this, do that, add this, add that,' inevitably, business schools will become very consumer-driven. We will end up stocking the store with all kinds of products. As educators, we have to stand up to business and just say no."

Nevertheless, schools have developed a keen interest in their public image and become more and more conscious of their need to attract students and corporate donors and to help their graduates find jobs. Interest in the media has been fueled by the recent phenomenon of ranking by major American magazines, and more publications plan to jump into that game.

Advanced technology is part of the business schools' campaigns. Diskettes are provided to applicants to write their essays for admissions officers. Several top schools now send out videotapes, hoping the visual display will influence applicants' decisions. Duke University's tape, with

classical music and warm autumnal scenes, stresses such opportunities as student trips to Russia to observe the shift to a market economy. Steve Dryden

More Women Learn to Make Use of the MBA Weapon

Long seen as the key to business success, Master of Business Administration (MBA) programs have attracted a growing number of women over the past 20 years.

Today, in leading business schools in Europe and the United States, 20 percent and 30 percent respectively of MBA candidates are women.

Rumors have suggested a recent reversal of this trend, but in fact, the proportion of female MBA candidates has remained relatively stable at Stanford University (29 percent, 31 percent and 28 percent over the past three years), at IESE (International Graduate School of Management) in Barcelona (20 percent) and at London Business School (23 percent). But female enrollment at the Anderson Graduate School of Management at the University of California at Los Angeles has dropped from a high of 40 percent in 1985 to approximately 30 percent (the national average). It has declined this year from 20 percent to 17 percent at Cranfield School of Management in Britain. "We have seen a change in women's pattern of par-

ticipation, with an increase in enrollment in part-time graduate business programs," notes William Broesamle, president of the Graduate Management Admission Council. Indeed, the number of women studying in the part-time three-year course at Manchester Business School has risen in recent years to 25 percent. "There isn't a plethora of female candidates," ad-

mits Patrick Molle, dean of the MBA program at Lyon's Ecole Supérieure de Commerce (25 percent women students). It may be that women lack self-confidence, or a sense of direction. "Sometimes women seem to come in as 'tourists,' without a special career project," says Mr. Molle. It may also be that they doubt the effectiveness of

Continued on Page 10

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Busy Executives Find Learning In the Office Pays Dividends

In these difficult times, programs for training executives face a combination of tight corporate budgets and crowded executive schedules. This has helped the rise of management training programs held on company premises and sharply focused on a few, carefully defined subjects.

"We haven't cut back on our executive training budget, as we view manager education as being a high-priority investment," states Reinhard F. Leiter, head of central educational services at Allianz Versicherungs-AG, the lead company in Europe's largest insurance group. "What we have done is to

Programs include actual operations

concentrate our finite executive education budget on upgrading the core skills of pivotal persons."

These core skills, as Mr. Leiter explains, include the cultivation of customer relations and the implementation of sales strategies — "items which have a demonstrable impact on the bottom line," he says.

Allianz's focus on management training programs that provide quanti-

fiable benefits is common to Europe's major companies. Its corollary is an effort to reduce such non-productive costs as expensive executive sojourns on business school campuses.

This results-conscious corporate environment has led Europe's thousand-odd executive education institutes to reshape their curricula and change their ideas about where training should take place. Once restricted to language courses and group dynamics, the range of training programs staged on company premises now comprises all of the 20 program categories listed in Manager Seminars, the authoritative trade quarterly.

Europe's major business schools have joined the rush to provide corporate clients with "partnership programs" (the descrip-

tion of International Institute for Management Development in Lausanne), "company-specific courses" (offered by Fontainebleau-based INSEAD) and "tailored courses" (from the London Business School). The advantages of these programs for companies is obvious: They can adapt proven, general curricula to particular business and management objectives. But they are also proving a help to sometimes hard-pressed business schools.

Flexibly structured timetables are another method developed by leading business schools to accommodate their corporate clients. The University of Hartford Business School in Paris, for instance, splits its programs by venue and season (six months at the Paris campus, summer months in Hartford, Connecticut) and by segments of the day (offering night school classes in Paris and a Hartford-based summer part-time program).

"More case studies and less psychology" is how Dieter Rogala, managing director of Frankfurt-based Charles Barker Corporate Communications, describes the change in management course content. The term "psychology" is a reference to the late 1980s boom in CI (corporate identity) and CC (corporate culture) courses, in which executives spent weeks establishing "common corporate values" and other identity-building elements of the corporate psyche.

Today's courses are more often about such eminently practical subjects as staff expense-account management or how to track sales performance by



In Lancaster, England, students learn the essence of effective management.

employee and by customer. These courses normally use what is known as CBT (computer-based training) programs, in which the personal computer serves as the "information dissemination agent" and the classroom merely as a "feedback forum."

The suppliers of "Selling Computers to the Computer Industry" and other CBT programs are such multinational media giants as Bertelsmann, which has expanded out of its base in business publishing into management training. The advent of these companies signals the end of the one-man trainer, who used his or her personal charisma, a proven track record of sales success and lots of diagrammatic flip charts

to mobilize "executive energy," "personal power" and other staples of the jargon-ridden past.

Also involved in the CBT field are IBM, Philips and Andri, which are seeking to transform corporate management expertise into a new "profit center." High-powered business services and management consulting companies like Ernst & Young and Price Waterhouse are also flocking to the field. Interestingly enough, the "corporatization" of the management training field is reportedly farthest along in the Netherlands, which has a plethora of large business media companies.

CBT programs are relatively inexpensive and can be used at the manager's

convenience. When plugged into corporate data centers, they offer another advantage. Many advanced programs now integrate actual operating data into the simulation of various decision-making processes and their probable consequences. The coupling of interactive video technologies with on-line streams of data permits managers to explore several different avenues of action within a short period of time.

There is one sector that is safe from the CBT invasion. It is called IPR — "interpersonal relationships." Courses teach managers, among other things, how to overcome a "career-caused inability to bond."

Terry Swartzberg

More Women Use the MBA Weapon

Continued from Page 9

an MBA in helping them gain career advancement in a still-discriminating workplace. Although women account for about 45 percent of the labor force in business areas, only about 2 percent or 3 percent are senior executives (6.2 percent in Britain) in Europe and the United States — among the most "liberal" business environments.

Some schools are mak-

ing special efforts to attract women by proposing special scholarships or counseling. Manchester Business School offers two £15,000 (\$23,610) "Women in Management" scholarships each year. The Fontainebleau-based INSEAD (Institut Européen d'Administration des Affaires) offers a full-tuition scholarship sponsored by Arthur Andersen and Cosmopolitan magazine to an Englishwoman and a \$10,000 "Cartier" scholar-

ship to an American woman. UCLA's Anderson School of Management features two fellowships targeted at women, and nine of Stanford Graduate School of Business's over-200 fellowships also give preference to women. But many American schools explain that equal opportunity policies prohibit them from offering gender-specific financial aid packages.

Surprisingly, few schools feature tailor-made courses, such as the "Women in Management" elective at Cranfield (offered in both the full-time, and executive MBA programs), which includes topics such as political skills, networking and the importance of image. While not gender-specific, the "Managing Diversity" elective at London Business School does deal with male/female issues, dual-career families and working in international careers.

More schools, such as UCLA, Stanford, London

Business School and Cranfield, host women's student groups or student-alumnae networks. There, guest speakers, workshops and general support help women to understand the difficulties and challenges awaiting them in the workplace, as well as to overcome barriers to promotion — that infamous "glass ceiling" beyond which they can rarely hope to proceed.

Clearly, much remains to be done by European and American business schools to provide women with the psychological and financial incentive to pursue a graduate degree. Emma Douglas, the first winner of Manchester Business School's "Guardian" scholarship for women, says she couldn't have obtained her new job as a product development manager for a financial services company without an MBA. "It shows commitment to a career," she explains. "An MBA gives women an edge in a competitive job market."

Romy Joyce

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New Needs Produce New PR Emphasis

Interactive disks. Information videos. Slick brochures. Cocktail parties. Personal phone calls from the dean. Receptions with alumni. These are just some of the tools business schools are employing to entice students.

Only a few years ago, applicants were clamoring to get into MBA programs, but the stock market plunge and recession have wrought havoc in business school applications. In the last two years alone, the number of people taking the Graduate Management Admission Tests has dropped by 20 percent.

"This is an industry that had large and undisciplined growth for nearly 20 years," says Charles Hickman, director of projects and services at the American Assembly of Collegiate Schools of Business. In 1974, 389 U.S. schools gave MBA degrees; nearly 800 do now. MBAs comprise 20 percent of all master's degrees.

"We built to overcapacity," Mr. Hickman says. "The customer — the student — is now king." The shift in students' values away from MBAs, combined with the increased competition among the schools themselves, has produced a need for new promotional tools, including public relations, advertising and more aggressive admissions offices.

More and more of the marketing is being aimed at overseas students. "Programs see overseas students as an

untapped source of new, full-tuition-paid students," Mr. Hickman says.

To compete with the new European MBA schools, U.S. schools have turned to outside public relations firms. Their deans have become fund-raisers and public voices to the media and policy makers — all to raise the school's external profile.

Schools are also spending more money on their publications. Even the staid Harvard Business Review made headlines last year when it replaced its editor to make it more reader-friendly (and, some say, advertiser-friendly).

Even top-tier schools are affected. "It's an increasingly competitive market," said Lillian Silver, associate dean for external relations at Columbia Business School. Columbia's admission's office has been much more "proactive" in recruiting qualified applicants. School officials have recently traveled not only around the U.S., but also to Japan, India and Latin America.

The Wharton School of the University of Pennsylvania has seen admissions drop by 20 percent over three years. Wharton is reaching out, particularly to international



Videotapes facilitate language mastery.

students, via a videocassette (now becoming as common among business schools as the conventional college catalogue) and an interactive disk that includes information on Philadelphia nightlife and culture, student social activities and even descriptions of the curriculum. Wharton is also conducting interviews with prospective students in 12 countries, including China, Korea and Germany. Offices in Paris and Tokyo aid in recruiting.

Some schools have even hired outside public relations firms. Babson College, a New England business school, has retained Howard J. Rubenstein Associates, a large, high-powered PR firm in New York. Sandra King, who has been Babson's director of marketing for over two years, did not come from an academic background, but from industry and management consulting. "The problems are quite similar to private industry," Ms. King says. "The difference is the approach."

Such measures aren't limited to U.S. schools. In Britain, the marketing department at the Manchester Business School has considerably expanded its role in the last two years. The department advertises extensively in print and on Channel 4 television, and generates 100 press releases annually.

Steve Weinstein

A European View of MBA Culture

Leo Murray, professor and director of the Cranfield School of Management in Britain, discussed the outlook for business education in an interview with Axel Krause, corporate editor of the International Herald Tribune.

Would you say your prime goal is training "Euro-managers"?

I don't think there is such a thing as a "Euro-manager" per se. But it is true that business organizations in Europe are a lot less parochial, less national than in the past. We have to take account of that.

Is the MBA making headway against all the other kinds of degrees being offered to those going into business?

It's very curious — in the United States, the trend hasn't stalled exactly, but it isn't growing. And American business schools seem at last to be recognizing the need to make the whole thing more process-oriented, more integrated, more personal and more international. Britain, by contrast, has had huge expansion in its MBA programs in the past few years. There has been a lot of proliferation, but it's uncontrolled. The same trend has occurred in other EC countries, notably in France and Germany.

So isn't it time to think about a U.S.-style system of accreditation of business schools operating within the EC?

It's true that things are moving differently in different countries, and there is a huge amount of confusion. But if you look at the American AACSB accreditation system, it is a rather mediocre accreditation. It does not actually set high standards. Nevertheless, such a system does cut out the cowboy and mediocre operators.

How would you describe Britain's attitude toward the MBA?

We now have lots of



Leo Murray, of the Cranfield School of Management.

graduates who are chief executives of companies. But the MBA is still quite new, and people are undecided about it. Many senior managers in Britain say, "Oh, I left school at 16, and I made it by myself. I don't know why should I go to university now." It's a kind of management education, but it's not an MBA!

How does the European MBA compare with the American version?

We are improving dramatically. That means we have been moving away from the American parent, and in some cases, exceeding them in flexibility, focus on issues, the focus on the individual and the internationalization of programs, which includes a heavy emphasis on European problems and EC-oriented research. This greatly interests our clients. The big American schools are so powerful financially and in other ways that they really haven't had to change.

How do you define your job?

Running an academic

service business. An important part of what I do is to harness and change this culture. There is a lot of potential for conflict between being an academic and running a business. Reconciling the conflicts is, therefore, a key issue.

Do you attach much importance to public and press relations?

When I first arrived, I never paid much attention. But I was quickly amazed by the pressure on me from the alumni and people inside the organization, who said: "Why do we never read about Cranfield in the press?" So it became a much bigger issue, and it's one of the three or four key, strategic issues on which I work.

Over the next five to 10 years, what foreign country holds the most promise, from your perspective?

China is the place to be. Eastern Europe requires an enormous amount of investment, so the impact of a school like Cranfield or INSEAD can only be fragmentary. And I believe in training the trainees as an approach. We have been running some programs and have had a relationship with the Uni-

versity of Beijing over the past five years. Some of our part-time MBAs have been allowed to do projects in China. We have faculty exchanges and research projects. We want to establish a base of knowledge there.

How do you feel about the greater role being sought by women?

Being a Scot, I am sensitive to minorities, opposed to restrictions. Women are slowly increasing their role in business education. Here, 40 out of 155 MBAs are women. And we are encouraging the trend, but progress is slow. There is a glass ceiling. Britain is very entrenched.

As you look ahead to the year 2000, what evolution do you see in the ways in which business schools operate?

First, I believe business schools will become more market-oriented. Secondly, we will see many more joint ventures and strategic alliances between institutions and with business. Thirdly, although I don't see U.S.-style accreditation emerging, I do see harmonization of standards among business schools like ours.

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Wednesday's Closing
Tables reflect the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest Crs
120.00	118.00	IBM	3.00	2.8	13.0	100	118.00	118.00	118.00
100.00	98.00	Microsoft	0.00	0.0	15.0	100	98.00	98.00	98.00
50.00	48.00	Apple	0.00	0.0	12.0	100	48.00	48.00	48.00
20.00	19.00	Oracle	0.00	0.0	10.0	100	19.00	19.00	19.00
15.00	14.00	Novell	0.00	0.0	8.0	100	14.00	14.00	14.00
10.00	9.00	Lotus	0.00	0.0	6.0	100	9.00	9.00	9.00
5.00	4.50	Intuit	0.00	0.0	5.0	100	4.50	4.50	4.50
3.00	2.80	Visa	0.00	0.0	4.0	100	2.80	2.80	2.80
2.00	1.80	MasterCard	0.00	0.0	3.0	100	1.80	1.80	1.80
1.50	1.40	AmEx	0.00	0.0	2.5	100	1.40	1.40	1.40

BOEING: Continental Places Big Plane Order

(Continued from page 1)

next year, the orders should provide a boost for Boeing stock in the next few weeks, he said. Delivery of 737s is scheduled to begin in January and is to stretch through 1997. The airline said it has options for 50 additional 737s.

The 757s are scheduled to begin arriving at the airline in May 1994, with 25 of the planes slated to be delivered in 1997. Continental holds options for 25 more 757s.

Continental's 12 767s are to start arriving in January 1995, and stretch through 1999. Continental also has options for 18 767s. Delivery of the five 777s will run from August 1997 to April 1998, and the airline holds options for another five of the new jets.

Neil Walker, a Continental spokesman, said some of the planes would be purchased outright and others would be leased. "The exact ratio hasn't been determined," he said.

He refused to comment on reports that General Electric Capital Corp. would lend the airline between \$750 million and \$850 million for the purchases, and that Boeing and Rolls-Royce PLC would provide financing. Boeing also refused to comment on financing arrangements.

While the orders are good news for Boeing, "the bad news is that Continental has to pay for them," Mr. Aseritis said. "How much money does GE put down, and how much does Boeing put down?"

Continental's emergence from bankruptcy

last month was supported by a \$450 million investment from Air Canada and Air Partners LP and \$160 million borrowed from GE Capital.

"My sense is the more robust the delivery schedule in terms of front loading, the more trouble Continental will have paying for it," Mr. Aseritis said. "Continental's not like GE walking out there and saying: 'I want to buy 100 airplanes and here's the cash.'"

The new jets' lower maintenance, fuel and labor costs are expected to save Continental nearly \$300 million a year, said Robert R. Ferguson III, Continental president and chief executive. He said the savings will more than pay for the new jets.

For Boeing, perhaps the brightest part of the announcement for it is that it actually has orders to announce. "It's better to get orders than to have them canceled," Mr. Aseritis said.

The plane maker has been hit with major cancellations in the last six months, mostly from the Irish leasing company GPA Group Ltd. and United Airlines. The cancellations have also hit competitors Airbus and McDonnell Douglas Corp., triggered by a worldwide airline recession brought on by persistent fare wars and declining passenger traffic.

Last month, Boeing said it expects 1993 sales to be about \$26 billion, down from \$30.2 billion in 1992.

Boeing said its 1993 orders now total 107 planes valued at \$6.5 billion.

(Bloomberg, AP, NYT, UP)

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest Crs
120.00	118.00	IBM	3.00	2.8	13.0	100	118.00	118.00	118.00
100.00	98.00	Microsoft	0.00	0.0	15.0	100	98.00	98.00	98.00
50.00	48.00	Apple	0.00	0.0	12.0	100	48.00	48.00	48.00
20.00	19.00	Oracle	0.00	0.0	10.0	100	19.00	19.00	19.00
15.00	14.00	Novell	0.00	0.0	8.0	100	14.00	14.00	14.00
10.00	9.00	Lotus	0.00	0.0	6.0	100	9.00	9.00	9.00
5.00	4.50	Intuit	0.00	0.0	5.0	100	4.50	4.50	4.50
3.00	2.80	Visa	0.00	0.0	4.0	100	2.80	2.80	2.80
2.00	1.80	MasterCard	0.00	0.0	3.0	100	1.80	1.80	1.80
1.50	1.40	AmEx	0.00	0.0	2.5	100	1.40	1.40	1.40

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest Crs
120.00	118.00	IBM	3.00	2.8	13.0	100	118.00	118.00	118.00
100.00	98.00	Microsoft	0.00	0.0	15.0	100	98.00	98.00	98.00
50.00	48.00	Apple	0.00	0.0	12.0	100	48.00	48.00	48.00
20.00	19.00	Oracle	0.00	0.0	10.0	100	19.00	19.00	19.00
15.00	14.00	Novell	0.00	0.0	8.0	100	14.00	14.00	14.00
10.00	9.00	Lotus	0.00	0.0	6.0	100	9.00	9.00	9.00
5.00	4.50	Intuit	0.00	0.0	5.0	100	4.50	4.50	4.50
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2.00	1.80	MasterCard	0.00	0.0	3.0	100	1.80	1.80	1.80
1.50	1.40	AmEx	0.00	0.0	2.5	100	1.40	1.40	1.40

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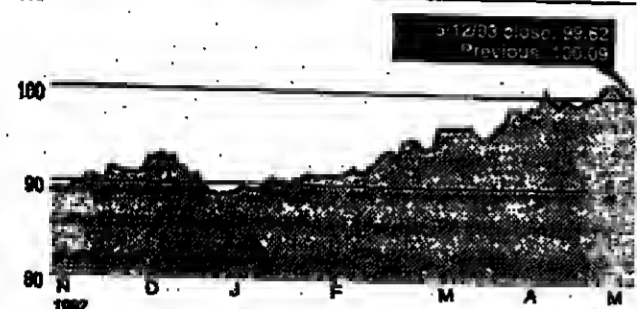
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International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Close	Prev.	% Change
Asia/Pacific	108.47	111.30	-2.5%
Europe	97.54	97.16	+0.4%
N. America	93.41	98.64	-5.3%

Industrial Sector	Close	Prev.	% Change
Energy	101.08	100.27	+0.8%
Utilities	108.21	109.50	-1.2%
Finance	100.78	102.04	-1.2%
Services	108.94	108.44	+0.5%
Capital Goods	98.42	98.77	-0.3%
New Materials	100.94	100.56	+0.3%
Consumer Goods	98.81	99.42	-0.6%
Manufacturing	103.38	102.64	+0.7%

Grabbing a CD From the Wire

IBM and Blockbuster Have a Vision of Entertainment

Compiled by Our Staff From Dispatches
NEW YORK — Computer technology has turned its hungry gaze on a pair of well-known institutions: the record store and the video shop.

A bold vision of the future of entertainment retailing, just announced by IBM and Blockbuster Entertainment, could do away with sprawling stores, aisles and aisles of offerings, and back rooms loaded with piles of inventory — be it the latest Michael Jackson recordings, Arnold Schwarzenegger video releases or Nintendo games.

In a few years, even a small-town record shop might offer all the titles of the biggest big-city megastore — not on hand, but summoned from the digital files of big computers thousands of miles away, traveling as electronic impulses to machines in the store that copy recordings or movies on blank CDs or videocassettes.

International Business Machines Corp. and Blockbuster Entertainment Corp. announced Tuesday a partnership to jointly pursue this vision. The computer giant and the entertainment retailer will work on developing the new distribution technology for use in-house by Blockbuster, which has nearly 3,500 video and music stores. The technology would also be sold to other retailers.

The concept, analysts say, has several advantages over current methods for putting recorded entertainment into consumers' hands, eyes and ears. For retailers, it could eliminate the costs of shipping and inventory and avoid the lost sales or rental revenues when popular offerings are out of stock.

"It could well change the economics of retailing for record stores and video rental

shops," said Tom Adams, an analyst for Paul Kagan & Associates, a research firm.

For consumers, the concept promises almost unlimited availability and diversity. "If a 7-year-old comes in on a Friday night and wants the latest hot video game, the chances are high now that it's sold out," said David Lundem, vice president of Blockbuster's technology division. "But with this system, it's never sold out — you can get another one electronically in a couple of minutes."

Despite its promise, however, the new tech-

In a few years, even a small-town record shop might be able to offer all the titles of the biggest big-city megastore.

nology faces some formidable obstacles. The new company formed by IBM and Blockbuster to run the system, Fairway Technology Associates, must negotiate with record companies, movie studios and game makers for the rights to sell their wares.

Sony Music, for one, gave the IBM-Blockbuster venture a chilly reception. In a brief statement Tuesday, Sony said it was not supporting the new system, indicating concerns about electronic distribution of its recordings. "Commercial copying is illegal, and it's not clear to Sony Music what benefit consumers would derive from in-store copying," the company said, though it added that it was "confident" that IBM and Blockbuster

would not engage in commercial piracy."

In its statement, Sony said it had not been contacted by either IBM or Blockbuster.

Meanwhile, the U.S. recording industry, which must provide the music, remains skeptical. Executives say that the current system works well, and they worry that their own costly factories would be rendered obsolete.

"This is an incredible technology — very, very interesting," said Jay Berman, president of the Recording Industry Association of America. But he said that most record companies did not need a new distribution channel for their mainstream business.

"The music industry is very healthy right now," said Jordan Rost, marketing vice president for Warner Music Group Inc., which has such labels as Atlantic and Elektra. The industry would be "all ears" if IBM and Blockbuster could demonstrate a real benefit, but Mr. Rost said his company had yet to hear directly from them.

Music stores have mixed feelings as well. Some worry that the technology ultimately might put them out of business, if it became cheap enough for people to install in their homes.

Matthew Owen, general manager of the record department at the Washington area's Olson's Books & Records chain, said he would want such a system to get out-of-print classical titles. But for mass-market music, he saw little use.

One reason is that Mr. Owen doubted that the cover and liner notes, which remain key to consumers' buying decisions, would be as attractive and well printed as they are now. (NYT, WP)

Kodak Promises a Broad Restructuring

Compiled by Our Staff From Dispatches
FORT LAUDERDALE, Fla. — Eastman Kodak Co.'s chairman, Kay R. Whitmore, outlined for shareholders Wednesday an overhaul of the company that he said would lead to record earnings per share.

In a speech that opened the annual meeting, Mr. Whitmore said cash flow of \$1 billion, once mentioned as a goal for this year, was "a fraction of what we now intend."

"We are a large, complex, technically sophisticated company," he told about 600 shareholders. "We expect as we go forward we will be less large and less complex."

Kodak's earnings have lagged since a 1988 peak of \$1.4 billion. Mr. Whitmore said the company would cut research and capital costs and create a finance commit-

tee of the board made up of directors who are not Kodak employees. He did not give details of the proposed cuts.

"There is an immense sense of urgency in myself and senior management," he said, "and we will deliver."

Mr. Whitmore reiterated that the world's largest photographic-paper and film maker would submit a strategic plan to its committee of independent directors by September that was aimed at cutting debt and increasing cash flow. The plan could include actions such as divestitures, sales of assets, sharing technology with others and changing products, Mr. Whitmore said.

Kodak said in a statement that the plan would also include a review that "likely will lead to major changes in the asset base."

Albert Turner, an analyst at Duff & Phelps in Chicago, said the company had many options for the asset sale that was expected to take place by September. "You could say that photography stays and anything else is up for question," Mr. Turner said.

The most likely candidates could include the copier business, chemical business, or part of Sterling Drug, which Kodak bought in 1988 for \$5.1 billion.

Nicholas Heymann, an analyst at NatWest Securities Corp. said the company had plenty of room to cut research-and-development costs, administrative costs and to lower debt.

Selling general and administrative costs amount to almost 30 percent of sales. Cutting them to

around 25 percent, closer to average for consumer-goods companies, could add \$700 to \$800 million to cash flow, Mr. Heymann said. He said capital-spending cuts could add another \$600 to \$700 million to cash flow.

Kodak investors have been seeking assurances that the company's turnaround is on track. Its stock took a nosedive two weeks ago when Christopher J. Steffen, a turnaround specialist who engineered a successful restructuring at Honeywell Inc., abruptly quit as Kodak's chief financial officer after just three months on the job. It was widely reported that the flamboyant Mr. Steffen had clashed repeatedly with the more conservative Mr. Whitmore, a Kodak insider. (AP, Bloomberg)

Producer Prices Stir Worry Over U.S. Inflation

Compiled by Our Staff From Dispatches

WASHINGTON — Prices paid to U.S. factories, farmers and other producers rose an unexpected 0.6 percent in April, the government reported Wednesday, igniting concern about a resurgence of inflation. The gain in producer prices was the biggest in more than two years, and brought the annual rate of inflation at the producer level up to 4.7 percent for the first four months of the year, a Labor Department spokeswoman said. That was double the year-earlier rate.

A 44.7 percent jump in wholesale vegetable prices fueled the big increase in the April producer-price index. Food supplies were disrupted by violent winter storms in March, a government analyst said.

The overall rise, the largest since a 1 percent gain in October 1990, suggests the economy is susceptible to sudden increases in inflation, analysts said, although they added that a prolonged bout of higher prices was unlikely.

"Attempts to clear excess inventories should keep prices soft" in the months ahead, economists Mickey Levy and Brian Keyser at CRT Government Securities in New York said in a forecast report. Still, inflation is "something we need to keep an eye on," said Marco Babic, an economist at Evans Economics in Washington, but "it's out of our control at this point."

In Princeton, New Jersey, Stone & McCarthy Research Associates said the report provided "a dose of reality."

"As the economy strengthens,

we're going to see companies raise prices," said Cynthia Latta, an economist at DRI/McGraw-Hill in Lexington, Massachusetts. "They've had to swallow a lot of price increases over the last few years without passing them on to consumers," because unemployment was on the rise and people were postponing purchases, Ms. Latta said.

U.S. Treasury bond yields rose after the report was released. The inflation news came shortly before the U.S. Treasury's scheduled auction of \$10.75 billion in 10-year notes, the second leg in its quarterly refunding effort. The bonds closed without trading with a yield of 5.94 percent.

Administration officials counseled calm. The White House spokeswoman, Dee Dee Myers, said the chairman of the Federal Reserve Board, Alan Greenspan, has assured the president that inflation was not a serious threat. "The news on inflation is good," Ms. Myers said.

The sharp jump in the producer-price index prompted a number of analysts to raise their forecasts a notch for the April consumer-price index report, which is due on Thursday.

Steve Wood, an economist at Bank of America in San Francisco, said the rise in the food component of producer prices spurred him to change his estimate for the overall consumer-price index rate to up 0.4 percent from up 0.2 percent. (Bloomberg, Knight-Ridder, Reuters)

Businesses Bide Time, Slowing U.S. Recovery

By Sylvia Nasar

New York Times Service

NEW YORK — As economic growth has slowed in recent months, U.S. business executives have exhibited signs of nervousness. Many have scaled back expansion plans, put hiring on the back burner and held down capital spending.

The uncertainty in Washington is clearly one reason for the hesitation. But even as executives keep one eye on Congress and another on the White House, many say their caution comes as much from their own modest order books and economic forecasts as from the political outlook. This wariness comes at a stage in the business cycle when attitudes normally turn more ebullient and is likely to help turn predictions for only moderate growth into reality.

"We're quite frankly are waiting to see," said Allen I. Questrom, chairman and chief executive of Federated Department Stores. "We are trying to understand where it's all going. We're just not seeing a lot of activity. We have to be conservative. There's a sense of uneasiness about the future."

Gerry Saylor, chief economist at Deere & Co., the world's largest farm-equipment company, planned part of the reluctance of business to

expand on "uncertainty over policy." But he added, "70 percent is explainable by the slow recovery."

Even though most forecasts called for slower growth this year than at the end of 1992, unexpectedly sluggish activity in many economic sectors — from industrial production to retail spending — clearly is taking its toll on business plans. In March, for example, when the forecasting company Cahners Economics asked 400 business executives in its monthly poll what was holding back expansion plans, more than two-thirds blamed their caution or sluggish economic prospects.

It is a theme voiced by executives in many industries. "We were hoping that the economy would have firmed up more by now than it has," said James Treadway, president of Seattle-based Westin Hotels & Resorts, Nord America.

Mr. Treadway noted that lodging industry was still slow digging "out of the hole we found ourselves in after the Gulf War." Instead of building new hotels, he said, Westin was aggressively taking over management of its properties from others.

The Washington scene is also See ECONOMY, Page 15

INTERNATIONAL MANAGER

In the U.S., the MBA May Go the Way of the Yippie

By William C. Gaud

New York Times Service

NEW YORK — The business schools of growth so robust that they could just as easily welcome waves of students year after year. Business schools have hit hard times as more students wonder whether an MBA is worth the time and expense.

Since 1990, the number of students in business administration has slipped about 3 percent, and no one expects an increase anytime soon. The number of students taking the Graduate Management Admission Test, the standard business school entrance exam, has fallen even more sharply — 6 percent from 1991 to 1992, with a steeper decline expected this year.

"There's a growing realization that an MBA is not a ticket to the gravy train," said Charles Hickman, director of projects and services for the American Assembly of Collegiate Schools of Business in St. Louis, which accredits graduate schools of business. "Having said that, I'm not ready to write the obituary for MBAs. But the good times are over."

The fortunes of business schools contrast sharply with those of other graduate and professional schools. Although current figures have not yet been compiled, experts who track enrollment patterns say more students are staying in school to wait out the aftereffects of the recession.

Among the major fields of study, only law schools are showing a similar decline in enrollment, although not as pronounced as at business schools.

Business schools are trying new tactics to counter this trend. The University of Texas, for example, established a 24-hour toll-free telephone line this year for prospective students. At Kent State University in Ohio, the business school hired a marketing firm for the first time to produce a glossy brochure promoting its business school. "This is unheard of," said Richard E. Brown, assistant dean for graduate education at Kent State's Graduate School of Management. "Used to be, we'd sit around and let the good students come in. Now you have to identify niches and let people know what you can do for them."

And Mr. Hickman, of the business school accreditation organization, warned that those who failed to adjust to leaner times could find themselves out of business. "It's not going to happen this year," he said. "But it won't take too many years of seeing reductions of 10 percent or so before we begin to see some schools close."

Thai Fire Shows Seamy Side of Growth

Compiled by Our Staff From Dispatches

BANGKOK — Exit doors were locked to deter employee theft at the toy factory where more than 220 workers died this week, guards said Wednesday, illustrating the seamy side of Thailand's rush for economic growth.

Construction standards, worker safety and the environment have suffered from the pressure to attract foreign capital and deliver meteoric growth.

Police said the fire on Monday at the Kader Industrial (Thailand) Co. toy factory was not caused by an electrical fault, as had been indicated. They said the fire started in a cardboard box and the cause might have been arson or carelessness.

"Evidence has proved the fire began in a box for packaging toys on the ground floor of the factory and not from an electrical fault as claimed," said Lieutenant General Prasanna Yongya of the police, who is chief of the Office of Scientific Crime.

Chaniya Kongsung, one of 28 security guards hired by Strongman Co. to work in the factory, said Kader ordered one of two exits on each floor locked after the last worker entered the building in the morning.

"This is not our fault," she said. "We did everything according to company regulations." At least 181 of the bodies were found at the one staircase accessible to the unlocked exits after the four-story building collapsed.

Workers from the factory told rescuers that factory supervisors met them at the open staircase and tried to block them from fleeing. "They stopped the workers from fleeing and threatened to fire those who did not obey," said Pongpan Meampant, a police officer overseeing the rescue workers.

Hundreds of workers were forced to jump from the third and fourth stories when they realized a door was locked. Of the 516 people hospitalized, most suffered from broken bones from jumping to the ground, doctors said. Nearly 400 remain in the hospital.

Kader executives told local television interviewers they had complied with government See FIRE, Page 15

Taipei Bank Chief Says He'll Hold Line on Rates

By Kevin Murphy

International Herald Tribune

TAIPEI — On the eve of discussions with politicians and powerful business leaders pushing him to cut interest rates, the governor of Taiwan's Central Bank of China, Samuel Shieh, said Wednesday he was unlikely to meet their requests for the time being.

"We are comfortable with the discount rate, we will not adjust it for the moment," said Mr. Shieh, who is expected to announce his verdict on whether to increase liquidity in Taiwan's financial system by Friday. "The reserve re-

quirement we will also maintain for the moment," he said.

Judging from his comments, Mr. Shieh appears instead to favor an increase in the portion of the 1.5 trillion Taiwan dollars (\$59 billion) in total post-system deposits the central bank will allow to flow into the country's commercial-banking system.

His decision is widely awaited, because Taiwan capital has been a major force in economic expansion in much of Asia, especially China, Vietnam and the Philippines. Hong Kong, analysts said, Mr. Shieh was concerned about capital flows from Taiwan to China, and was there-

fore not anxious to lower interest rates and make Taiwan investments less attractive.

In Taiwan, a sleepy stock market and business investors hoping to refinance debt-heavy balance sheets have urged a cut in the discount rate — the price the central bank charges domestic banks for funds — from its current 5.625 percent to a level more in step with Japan and the United States, Taiwan's largest trading partners.

"He's under a lot of pressure," said Andy Clark, an analyst with James Capel Taiwan Ltd. "But he's not someone who's all that susceptible to it."

Mr. Shieh said "advice" from Washington to appreciate the currency is "over," removing one obstacle to lowering rates. However, the need to finance an enormous national infrastructure-development program, expected to cost \$300 billion; a longstanding concern about inflation; and the Taiwan government's worries about a mainland China-bound investment flow that may have reached \$10 billion mitigate against a rate cut.

"The central bank's first priority is price stability," said Mr. Shieh. "Private-sector liquidity is still high, the money supply grew at 17

SAFRA REPUBLIC HOLDINGS S.A.
Luxembourg

Value Number 598.118
Dividend Payment

At the Annual General Meeting of Shareholders held in Luxembourg on May 12, 1993, it was resolved that a dividend of US\$ 2.25 per common share be payable for the year 1992. The dividend in respect of bearer shares will be payable from May 31, 1993 upon surrender of coupon No. 5 at the counters of the Company's paying agent:

Republic National Bank of New York (Suisse) S.A., Geneva
Republic National Bank of New York (Luxembourg) S.A., Luxembourg
Republic National Bank of New York, London
Union Bank of Switzerland, Zurich
Union Bank of Switzerland, Luxembourg
Swiss Bank Corporation, Basel
Credit Suisse, Zurich.

CURRENCY & INTEREST RATES

Eurocurrency Deposits									
	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU		
1 month	3.75	7.75-7.75	5.5-5.5	5.5-5.5	7.5-8.5	3.5-3.5	3.5-4.5		
3 months	3.5-3.5	7.5-7.5	4.5-4.5	4.5-4.5	7.5-7.5	3.5-3.5	3.5-4.5		
6 months	3.5-3.5	6.75-6.75	4.5-4.5	4.5-4.5	7.5-7.5	3.5-3.5	3.5-4.5		
1 year	3.5-3.5	6.75-6.75	4.5-4.5	4.5-4.5	7.5-7.5	3.5-3.5	3.5-4.5		

Key Money Rates									
	Close	Prev.	Britain	Close	Prev.				
Discount rate	3.50	3.50	Bank base rate	5.00	5.00				
Prime rate	4.00	4.00	Call money	5.00	5.00				
Federal funds	3.50	3.50	1-month interbank	5.00	5.00				
3-month CDs	3.50	3.50	3-month interbank	6.00	6.00				
6-month CDs	3.50	3.50	6-month interbank	6.00	6.00				
90-day T-bills	3.50	3.50	90-day T-bill	6.14	6.14				
1-year Treasury bill	3.50	3.50							
3-year Treasury bill	3.50	3.50							
5-year Treasury bill	3.50	3.50							
3-year Treasury note	5.50	5.49	Intermarket rate	5.00	5.00				
5-year Treasury note	5.50	5.49	1-month interbank	7.00	7.00				
3-year Treasury bond	5.50	5.49	3-month interbank	7.00	7.00				
5-year Treasury bond	5.50	5.49	6-month interbank	7.00	7.00				
Merrill Lynch 30-day Treasury bill	2.67	2.68	90-day T-bill	7.11	7.11				

Gold									
	A.M.	P.M.	Close						
Zurich	355.55	357.70	+1.15						
London	355.00	356.50	+1.50						
New York	357.50	357.25	+2.25						
U.S. dollars per ounce	London of Gold								
1000 Swiss Francs	111.81	111.81							

Forward Rates									
	30-day	60-day	90-day	120-day	150-day	180-day	210-day	240-day	360-day
Forward Sterling	1.630	1.625	1.620	1.615	1.610	1.605	1.600	1.595	1.590
Forward Mark	1.630	1.625	1.620	1.615	1.610	1.605	1.600	1.595	1.590
Forward Yen	1.630	1.625	1.620	1.615	1.610	1.605	1.600	1.595	1.590

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MARKET DIARY

Dow Hits Record As Bonds Tumble

NEW YORK — The Dow Jones industrial average rose to a record high in a mixed stock market Wednesday as investors sought the security of blue-chip equities.

The Dow rose 13.56 points, to 3,482.31, surpassing the previous record of 3,478.61 set April 16. But declining issues outnumbered advances on the New York Stock Exchange by a 9-to-8 ratio.

Today's market proves there's still a lot of money out there looking to move into the stock market," said Anthony Conroy, head of capital markets at Mabon Securities Inc.

Treasury bonds slumped on news suggesting a jump in the inflation rate. The government said April producer prices rose 0.6 percent, the fastest rate in two years.

The Dow rose 13.56 points, to 3,482.31, surpassing the previous record of 3,478.61 set April 16. But declining issues outnumbered advances on the New York Stock Exchange by a 9-to-8 ratio.

European Rate Cuts Give Dollar a Boost

NEW YORK — European interest-rate cuts gave traders reason to buy dollars Wednesday, especially after inflation data made U.S. rates unlikely to decline.

The dollar rose to 1.6105 Deutsche marks from 1.6085 on Tuesday, and it gained to 111.535 yen from 111.400.

The Bundesbank lowered money-market rates on Wednesday, and the American and Dutch central banks reduced their official lending rates.

"The rate cuts in Europe helped push the dollar higher today," said Paul Farrell, chief dealer at Chase Manhattan Bank.

Meanwhile, the U.S. government said wholesale prices rose an unexpected 0.6 percent in April, the biggest gain in two years. That sign of accelerating inflation makes it unlikely the Federal Reserve Board will push down American interest rates.

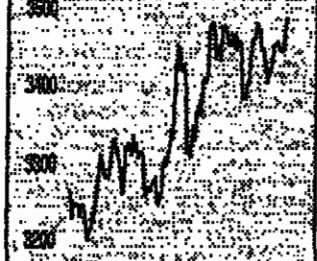
Reflecting the worries about inflation, gold prices rose. Gold for June delivery gained \$4.90 an ounce, to \$361.80. Other precious metals were also higher, with silver or May delivery gaining 12 cents.

The dollar rose to 118.65 pesetas from 117.98, while advancing to 1.4619 Swiss francs from 1.4580 and to 5.4300 French francs from 5.4235.

The U.S. currency also strengthened against the pound, which fell to \$1.5340 from \$1.5410. Analysts in London noted the pound, which rallied Tuesday, dipped on some uncertainty about the future of Norman Lamont, chancellor of the Exchequer, and whether the ruling Conservative Party might cut interest rates to boost its popularity.

(Bloomberg, UPI)

The Dow



Daily change of the Dow Jones Industrial Average, 1982-1993.

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EUROPEAN FUTURES

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Industrials

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Turner Loss After Accounting Change

ATLANTA (AP) — An accounting change turned a profit into a loss for Turner Broadcasting System Inc., which reported Wednesday it had a deficit of \$286 million, or \$1.08 a share, in its first quarter.

The loss resulted from the company's adoption of new financial-accounting standards for income tax. Otherwise, the media and sports company said it would have posted earnings of \$20 million, or 8 cents a share, in the January-March quarter.

Revenue for the latest quarter was \$398 million, compared with \$365 million in the same three months last year. The company posted revenue gains in all its divisions except syndication and licensing, which declined from \$54.5 million last year to \$50.3 million.

Tele-Communications in Fox Deal

ENGLEWOOD, Colorado (Reuters) — News Corp.'s Fox Inc. unit and Tele-Communications Inc. said Wednesday they were forming a new cable-television service.

News Corp.'s chief executive, Rupert Murdoch, said he expected the channel to be profitable in about two-and-a-half years, "depending on our success in rolling it out." He said that the service, which will be provided in Fox's basic cable programming service and distributed by Tele-Communications, needed to reach 40 million homes to break even.

Tele-Communications has 10 million cable customers. As part of the arrangement, Fox will give its consent to Tele-Communications for retransmission of Fox-owned and -operated stations' broadcast signals.

REITs Raised \$1.72 Billion in Quarter

WASHINGTON (Bloomberg) — Real estate investment trusts raised \$1.72 billion of capital in the first quarter, putting the industry on pace to exceed last year's record of \$6.6 billion, the National Association of Real Estate Investment Trusts said Wednesday.

The national trade association said five REIT initial public offerings during the quarter raised \$541.5 million; 12 secondary stock sales raised \$830.4 million, and five bond offerings raised \$347.5 million.

The association also said during the first quarter that 16 recently formed or existing REITs made more than 56 real estate purchases at a total cost of \$447.4 million. By comparison, in the fourth quarter of 1992, REITs bought 150 properties at a cost of more than \$770 million. The total dollar amount of acquisitions in 1992 equaled \$1.9 billion.

Nymex Lifts Comex Bid \$10 Million

NEW YORK (Bloomberg) — The New York Mercantile Exchange increased its bid for the Commodity Exchange on Wednesday to \$20 million from \$10 million, in an effort to appease Comex traders.

Comex traders think the world's largest precious-metals market is worth at least \$60 million. Negotiations are continuing.

The Nymex offer appears more viable than past offers, including one from the Chicago Board of Trade that was withdrawn on April 20, traders said. Unlike the CBOT offer, and a similar one from the Coffee, Sugar & Cocoa Exchange, the Nymex offer promises to pay Comex members cash up front. Traders are also more enthusiastic about merging with the Nymex because it is housed in the same building.

For the Record

Whole Foods Markets Inc. said it had agreed to buy Mrs. Good's Natural Foods Supermarkets in a stock deal that would combine the two biggest U.S. natural-foods retailers.

Daimler-Benz AG's unit Mercedes-Benz AG said it had formed Mercedes-Benz Project Inc., a Delaware-based company, which will be responsible for setting up Mercedes-Benz's passenger-vehicle manufacturing operations in the United States.

The Midwest Stock Exchange overwhelmingly approved redefining the exchange's original name, the Chicago Stock Exchange. The membership vote came almost 11 years to the day after the May 15, 1982, opening date.

(Bloomberg)

Prague Ends Freeze on Shares

PRAGUE — The Czech government on Wednesday opened the way to the development of full-fledged capital markets by ending a freeze on the transfer of privatization shares to Slovak citizens.

"The government decided to issue shares to all shareholders and privatization funds," Prime Minister Vaclav Klaus said. "The government approved this by a majority."

The freeze, announced on March 17, severely strained relations between the Czech and Slovak republics. Slovak individuals and institutional investors had bought about 22 million shares in Czech companies under a voucher privatization program that ended just before partition.

U.S. FUTURES

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WORLD STOCK MARKETS

Agence France Press May 12

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Japan's Economy Still Sputters

Report Mentions Recovery but Signs Remain Mixed

Bloomberg Business News
TOKYO — Japanese businesses, which have been waiting since early spring for an economic recovery, were told Wednesday that they will have to wait longer.
Despite a spate of upbeat economic news since the beginning of the year, and a report Wednesday that used the word "recovery" for the first time in nearly six years, the governor of the Bank of Japan, Yasushi Mieno, told reporters that private consumption remained weak and corporations were holding back on investment. Government officials and private economists say a recovery in these two areas of the economy will not happen until at least the second half of the year.
"It's too early to say the economy has hit bottom," said Adrian Tsocheog, Swiss Bank's economist in Tokyo.
Some of those auguries were contained in the Economic Planning Agency's monthly report. The agency, which is in charge of presenting the government's official line, said that "some signs of recovery are emerging in the nation's economy," the first time the report had mentioned recovery since August 1987.

"These signs of recovery are not seen as short-lived and we think they suggest the economy is improving," said Takao Komine, an official of the agency.
For example, housing starts in March rose 9.2 percent from a year earlier, following a 6.3 percent increase in February. March sales of condominiums have been particularly brisk, up 8.6 percent from a year earlier, the report said.
Industrial production grew for the second consecutive month on month on a seasonally adjusted basis, up 0.5 percent in March from a year earlier. Industrial shipments rose 1.6 percent on the month in March, recording the third straight month of increase.
However, private consumption and capital investment have remained sluggish, the report said. Mr. Komine pointed to auto-sales figures. Sales including small-sized vehicles dropped 9.5 percent on year in April after recording a 3.3 percent increase in March, the first increase over the previous 24 months.
Surveying the conflicting government pronouncements, many private economists say there is still more bad news than good. Mike

Naldrett, an economist in Tokyo for Kleinwort Benson, said there were several necessary preconditions for a recovery that need to be met.
Corporations have yet to bring their costs in line with dwindling revenue amid the global economic slowdown, Mr. Naldrett said in a report released at the end of April.
Over the next two weeks, the balance of publicly listed Japanese corporations are scheduled to release earnings, and profits are forecast to fall by an average of 28.4 percent — the third consecutive year of declining profits.
The stock market is bracing for the stream of corporate bad news. After rallying for weeks on government efforts to support prices, the benchmark Nikkei average has fallen for the past three days.
Mr. Mieno said the problem loans would not keep banks from fueling a recovery with new loans when the economy does turn around. But the governor was reserved in answering questions about the prospects for recovery. "Right now the economic outlook is rather spotty," Mr. Mieno said.

News Corp. Emerges From Turnaround With Jump in Net

Compiled by Our Staff From Dispatches
SYDNEY — Rupert Murdoch's News Corp. capped a remarkable two-year turnaround by reporting Wednesday a 133 percent surge in third-quarter aftertax profit, to 190.7 million Australian dollars (\$134.1 million).
The media concern said profit shot up largely because of improved results from its newspaper, magazine, television and free-standing insert units.
A dramatic lift in earnings from its associated companies, the British-based BSkyB satellite-television business and the Australian airline and transport group Ansett Transport Industries, also contributed to the jump in profit, News Corp. said.
The company said per-share earnings in the third quarter rose to 11 Australian cents from 5 cents a year earlier. For the nine months, those earnings were up to 38 cents from 32 cents.
For the nine months ended March 31, News Corp. said, after-tax profit rose 47 percent to 643.5 million dollars.
Investors flocked to News Corp. stock on the announcement. The stock price surged 29 Australian cents to 7.72 dollars.
News Corp. owned 43 percent by Mr. Murdoch, was near bankruptcy two years ago. Asset sales, capital-raising and aggressive cost controls have saved the company's debt by more than one-third and paved the way for profit growth over the last two years.
The latest results pave the way for the media company to post a 1 billion dollar profit for the full year, said Brad Orgill, who follows News Corp. for Potter Warburg. He predicts News Corp. will make a profit of 977 million dollars in the year ended June 30. "Being that close they'll probably push themselves over the 1 billion dollar line," Mr. Orgill said.
Mr. Orgill said there were no surprises in Wednesday's results. Revenue in the third quarter was up 4 percent at 2.6 billion dollars, and rose 3 percent in the first nine months to 8 billion dollars.
Lower earnings in the group's movie and book publishing arms were offset by gains in other businesses.
"Profits at Twentieth Century-Fox Film Corp. were off significantly," News Corp. said.
The company did not break down the figures for individual business units in its quarterly results release. (Bloomberg, Reuters)

Investor's Asia

Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	7,002.60	6,841.97	+2.35
Singapore	Straits Times	1,828.58	1,794.04	+1.89
Sydney	All Ordinaries	1,695.70	1,687.40	+0.49
Tokyo	Nikkei 225	20,615.29	20,940.37	-1.55
Kuala Lumpur	Composite	712.67	710.55	+0.30
Bangkok	SET	865.85	850.35	+1.80
Seoul	Composite Stock	700.08	701.96	-0.18
Taipei	Weighted Price	4,718.23	4,878.51	-3.29
Manila	Composite	1,605.71	1,607.61	-0.12
Jakarta	Stock Index	319.12	316.41	+0.86
New Zealand	NZSE-40	1,581.78	1,565.59	+1.03
Bombay	National Index	1,037.30	1,039.50	-0.21

Sources: Reuters, AFP
International Herald Tribune

Shanghai Petrochemical Delays Listing

Bloomberg Business News
HONG KONG — Throwing cold water on the great expectations surrounding listings of shares by state-run Chinese companies directly in Hong Kong, Shanghai Petrochemical said Wednesday it probably would not list this year.
The biggest of the nine state-run companies chosen to list, Shanghai Petrochemical was chosen by the Chinese central government as the first to list because of its sheer size: 72,000 employees and 14 square miles (36.4 square kilometers) of factories, housing and hospitals outside Shanghai.
Shanghai Petrochemical embodied all of China's hopes that big, inefficient state companies could rise from the ashes and transform themselves into lean corporations in which foreigners would want to invest. Those hopes may have been misplaced.
"It's tough to swallow when someone tells you that 80 percent of your company is not useful," said Norman Li, director at Smith New Court in Far East. "But that's what merchant bankers told Shanghai Petrochemical. The Chi-

nese company wasn't expecting such a harsh reaction."
What is clear is that Shanghai Petrochemical grossly underestimated how hard turning a monolith into a corporation would be.
Shanghai Petrochemical had made plans to split its plants into three divisions. The first would focus on the core business of petrochemical production and employ about half of the 72,000 employees, said analysts close to the company who declined to be further identified.
That portion of the company would list in Hong Kong and on the Shanghai A-share market, they said.
The second division would be responsible for social-welfare operations, including schools and hospitals, which would be run by local officials. The third section, which would pick up all the remaining pieces including property development and transportation, would remain a state-owned company, they added.
Naturally, workers at the plant did not take kindly to being divided into the haves and have-nots. Only employees working in the listed part of the company would enjoy the bonuses, divi-

dends and profits that flotation would bring. The other half of the workers would remain state employees, and that prospect led to dissension.
"There was a virtual rebellion by the staff since just over half of them were going to be left out," said Andrew Bell, director of South China Capital Ltd. "The fundamental problem is, how do you maintain a social enterprise after it is listed? The way Shanghai Petrochemical was going to do it left a lot of unhappy employees."
"Listing some of these companies is tantamount to listing a community," said Julia Charlton, partner at the Stephenson, Harwood & Lo law firm in Hong Kong.
Analysts say three of the companies vying for a listing are certain to make the Hong Kong board this year. Most of the nine will be listed next year, they said.
Analyst expert Guangzhou Shipyard or Beijing Renmin Machinery to be neck-and-neck for the first listing. Guangzhou Shipyard's flotation is likely to be about 130 million Hong Kong dollars (\$16.8 million). Beijing Renmin is likely to place 100 million dollars' worth of shares.

Hang Seng Tops 7,000

Reuters
HONG KONG — The Hang Seng index smashed the 7,000-point barrier on Wednesday as investors celebrated the first Chinese-British agreement on Hong Kong since a dispute flared up last year over the colony's democratic reforms.
The stock market brushed aside new warning signs of trade friction between China and the United States, and the blue-chip index jumped 160.63 points, or 2.35 percent, to close at a record 7,002.60.
Tuesday's long-awaited agreement by the Sino-British Land Commission on Hong Kong government land sales powered the market past 7,000 points for the first time ever, brokers said.
Investors seemed to ignore that the deal was only a minor breakthrough.

- ### Very briefly:
- Matsushita Electric Industrial Co. and Philips Electronics NV announced the first portable versions of digital compact-cassette players, the new music format they hope will replace conventional analogue cassettes. Matsushita plans to start selling the unit in Japan in June under its Panasonic label, for 60,000 yen (\$540).
 - Sega Enterprises has come up with a way for video-game fans to pit their skills against one another from four separate units anywhere in the world. The technology is being incorporated in an improved version of Sega's worldwide video-arcade hit "Out Runners," an auto-racing game.
 - Nintendo Corp. is raising its prices in the United States to cope with the effects of the stronger yen, the Nihon Keizai newspaper reported. But a company spokeswoman said the price rise did not reflect the higher yen, but Nintendo's desire to produce higher-quality goods.
 - Wing-Merrill International of the United States has signed a \$2.4 billion contract to supply China with a combined-cycle gas-turbine power plant, the South China Morning Post reported.
 - Taiwan's foreign-exchange reserves totaled \$83.2 billion in March, an increase of \$748 million from February, the Central Bank reported.
 - Hong Kong rules permitting the Bank of China to issue bank notes in the colony will be put before the Legislative Council next month. Currently only Hong Kong & Shanghai Banking Corp. and Standard Chartered Bank issue bank notes denominated in Hong Kong dollars.
 - Mitsubishi Electric Corp. and SGS-Thomson Microelectronics Holding NV said they sealed an agreement to jointly develop flash memory chips.
- Bloomberg, AP, Reuters, AFP, AXF

Singapore Seeks Power Plant Bids

Bloomberg Business News
SINGAPORE — The government of Singapore said Wednesday it would solicit bids to build a massive oil and natural-gas power plant at Singapore's western end late next year. The project will cost an estimated \$8 billion, it said.
The government-owned power station will have a total generating capacity of 4,800 megawatts a day

when the plant is fully operational in the year 2005, power officials said. The four existing power plants together supply 4,500 megawatts of electricity a day.
Two of the four existing plants will be taken out of operation by early in the next century, the officials said. The new plant is needed to meet Singapore's projected electricity needs of 5,500 megawatts in the year 2002, they said. Needs be-

yond that date were not projected.
The first phase of the proposed power station at Tuas, at the western end of the main island, will use only low-sulfur fuel oil for electric-power generation, an official of the Public Utilities Board said.
The first phase is expected to be completed in 1998 and the remaining three phases will be completed by the year 2005.

The continuing Bosnian crisis

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NYSE Wednesday's Closing. Table listing stock prices for various companies including American Express, American International, and American Overseas.

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Table listing various international funds and their performance metrics, including fund names, managers, and investment strategies.

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INTERNATIONAL FUNDS

May 12, 1993

Quotations supplied by funds listed. Not actual value quotations as they are subject to change.

Main table of international fund advertisements, listing fund names, managers, and investment strategies.

Table listing various international funds and their performance metrics, including fund names, managers, and investment strategies.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

SPORTS BASEBALL

Clemens Fans 13, But Is Overtaken by Mariners' Johnson

The Associated Press
 Roger Clemens took over the major league lead in strikeouts. Two hours later, he lost it. Clemens struck out a season-high 13 as Boston beat Baltimore, 4-0, on Tuesday night. But Randy Johnson regained the strikeout lead by fanning nine in the Seattle Mariners' 4-3 victory over the Chicago White Sox.

Johnson, throwing fastballs clocked at 99 miles an hour (159 kilometers an hour), upped his strikeout total to 63 — four more than Clemens — as he allowed only two hits in seven innings in snapping Chicago's five-game winning streak. Clemens was even more impressive, pitching his 35th major league shutout, a five-hitter. He walked two and did not allow a runner past second base until the ninth inning in lowering his ERA to 1.73.

AL ROUNDUP

As usual, the accolades for Clemens (5-2) were filled with superlatives. "He's the best, a notch ahead of everyone else," said Baltimore's manager Johnny Oates. "We were facing Zeus tonight," said the Orioles' starter, Ben McDonald. McDonald kept the game close until the seventh, when Boston got two runs to go up, 4-0. Mike Greenwell got three hits and Ivan Calderon hit his first homer for the Red Sox.

Frank Thomas hit a two-run homer with one out in the ninth, but Norm Charlton then struck out George Bell and Robin Ventura for his seventh save.

Tigers 12, Blue Jays 7: Alan Trammell and Travis Fryman each drove in three runs and Milt Cuyler got a career-high four hits as Detroit won in Toronto.

Yankees 5, Brewers 1: In New York, Mike Witt continued his comeback from major elbow surgery by holding Milwaukee to three hits while striking out eight in seven innings.

The Yankees got three runs in the first on Paul O'Neill's two-run double and a sacrifice fly from Dion James, then added two in the third on Mike Stanley's two-run double.



Ozzie Guillen, hopping to it, got Mike Falder and a double play, but Randy Johnson stopped the Chicks.

and Damian Easley hit two-run singles as visiting Minnesota beat California. Athletics 6, Rangers 0: In Oakland, California, Bobby Witt cooled off Texas with a three-hitter, beating his former teammates in his first appearance against

them. The Rangers had been hitting .306 in their last eight games. Nolan Ryan, examined by the Rangers' team doctor, was found to have strained the hip muscle that is attached to the hrim of the pelvis in the pitcher's left leg. He was put on a rehabilitation program and is not expected to miss more than one turn.

Royals 7, Indians 6: Mike Macfarlane's double — the last of three consecutive pinch hits by visiting Kansas City — capped a two-run seventh that gave Cleveland its fifth straight loss.

Parma Defeats Antwerp, 3-1, To Take Cup Winners' Trophy

Compiled by Our Staff From Dispatches
 LONDON — Parma outplayed Royal Antwerp, 3-1, Wednesday in the European Cup Winners' Cup final for the Italian club's first European trophy.

For Parma, which dictated the pace of the match and dominated the Belgian club almost throughout, it was a great achievement, coming in only its second season in European competition and its third in the Italian first division.

About 37,000 fans at Wembley Stadium in London saw Parma repeatedly break through to create enough chances to have won the game by six goals. The Italian international Alessandro Melli, who scored Parma's second goal with a superb header, tormented the Antwerp defense all night.

Melli wasted a number of scoring chances in the second half, but the team was so much in control that Coach Nevio Sciala left star forward Faustino Asprilla on the bench throughout the match. Asprilla was doubtful for the match after cutting his leg earlier this year.

Parma went ahead after just nine minutes when Lorenzo Minotti, the captain, scored from a corner. But in a fast-paced, attacking match the Belgians struck back three minutes later through Francis Severeyns, and it was not until Melli's goal in the 30th minute that the Italians took command.

Stefano Cugchi capped Parma's scoring six minutes from the end with a precise lob over Stevan Stojanovic, catching the Antwerp goalkeeper out of position.



Gabriela Sabatini was all business in Berlin as she won easily.

Sampras, Courier Head for Showdown

Compiled by Our Staff From Dispatches
 ROME — Pete Sampras and Jim Courier, the No. 1 and No. 2 seeds, overcame stubborn opponents Wednesday to reach the round of 16 in the Italian Open.

Courier was taken to three sets by Paul Haarhuis of the Netherlands, who is ranked No. 83 in the world, but then turned on the pony-er to win, 6-3, 2-6, 6-0, as Haarhuis' double faulted on match point.

"I got a little tentative but recovered for the third" set, said Courier, the defending champion. Sampras followed him onto the center court and defeated Alex Corretja of Spain, 6-4, 7-5, but was down 4-5 and 15-40 in the second set before saving two match points to stave off a third set.

Boris Becker, the No. 3 seed, beat Hungarian qualifier Sandor Noszaly, 6-3, 6-2. Courier's opponent in last year's final, Carlos Costa of Spain, fell in his second round match to Sweden's Christian Bergstrom, 6-2, 6-7 (3-7), 6-3.

Also winning were No. 4 seed Goran Ivanisevic of Croatia, who downed Magnus Gustafsson of Sweden, 6-3, 6-4; No. 8 seed Andrei Medvedev of Ukraine, who defeated Kenneth Carlsen of Denmark, 6-2, 6-2; and No. 10 Karel Novacek of the Czech Republic, who beat Niklas Kuld of Sweden, 6-3, 6-2.

Ivanisevic, who was cheered on by a priest in the crowd who waved a Croatian flag, said he is finally getting over some early season injuries that slowed his game on clay.

■ In Berlin, top-seed Steffi Graf overcame a first set humiliation by fellow German Sabine Hack, the No. 10 seed, and rebounded for a 6-6, 6-3, 6-2 third-round victory in the German Open.

Graf had last been shut out in the 1992 French Open semifinals, when she also rallied for a three-set victory over Arantxa Sanchez Vicario.

No. 2 seed Gabriela Sabatini opened with an easy 6-1, 6-0 victory over Germany's Marketa Kochta in the second round.

No. 3 seeded Mary Joe Fernandez beat France's Isabell Demongeot, 6-0, 6-3, while fellow American Jennifer Capriati, seeded No. 4, struggled with her concentration in the second set before overcoming Germany's Wiltrud Probst, 6-2, 4-6, 6-0.

Hack, ranked 19th in the world, forced the No. 2 Graf into a series of unforced errors with patient baseline tennis and wrapped up the first set with a forehand winner in front a capacity crowd of 5,500.

"I wanted to do too much at first," Graf said. "I expected her to play well, but I really did expect more of myself." Graf dropped her serve again to fall behind, 2-1, in the second and appeared to be en route to her first defeat by another German since losing to Sylvia Hanika in the first round of the U.S. Open in 1984. But she regained control of her powerful forehand to break Hack's serve in the fifth game, then wore down her 23-year-old opponent and, on the third match point, got her 100th victory in Germany. (AP, UPI)

Cards Pounce as Mets Bungle

The Associated Press
 Howard Johnson said he didn't want to think about the embarrassing base running gaffe that resulted in a triple play.

"It's just something that happened," the New York Mets' third baseman said Tuesday night. But a lot of somethings have been happening to the Mets, whose 7-4 loss to the St. Louis Cardinals was their 12th in 15 games.

More of the somethings: Johnson made a throwing error during the Cardinals' four-run first inning.

The Mets' pitchers botched two plays at first and misplayed a force attempt at second.

"That's the way their luck is going," the winning pitcher, Donovan Osborne, said after ending a victory drought that stretched back to his first start of the season.

First baseman Gregg Jefferies kept Johnson frozen by running toward second before throwing to Smith for the tag as the Cardinals turned their first triple play since Sept. 5, 1991, in San Diego. "You're stuck," Johnson said. "There's nothing you can do."

Which seemed a perfect summation of the first five weeks of the Mets' season.

Pirates 8, Phillies 4: With four straight hits, visiting Pittsburgh scored three runs in the seventh to cool off Philadelphia.

With the score 4-4 and one out.

NL ROUNDUP

that inning, Andy Van Slyke walked and Jeff King singled him to third. Then Orlando Merced slayed an RBI single, pinch-hitter Lloyd McClendon doubled in a run and Tom Prince singled in another.

The Pirates' starter, Dave Otto, lasted 5 1/2 but contributed a single and triple, good for three RBIs.

Giants 5, Rockies 3: Bill Swift, in a rare pitching battle at hitter-friendly Mile High Stadium, outdueled David Nide of Colorado to win his fourth straight time as San Francisco ended a three-game losing streak and reclaimed first place in the NL West.

Aided by three double plays and two base runners who were caught stealing, Swift faced only two batters over the minimum through seven innings.

SIDELINES

Ngugi Cleared by Kenya Officials

NAIROBI (AP) — Five-time world cross country champion John Ngugi, who had refused to take a drug test for IAAF doctors, had his suspension lifted Wednesday by Kenyan sports authorities, although he still faces a ban of up to four years from track's governing body pending its investigation.

Isiah Kiplagat, chairman of the Kenya Amateur Athletics Association, said its investigations supported Ngugi's stand that his refusal when the doctors visited his farm in central Kenya arose from misunderstandings.

Kiplagat said Ngugi was unaware of out-of-season tests, had always before been accompanied by officials known to him, that army regulations prevent dealings with foreigners without authority from superiors — Ngugi is a soldier — and that further misunderstanding arose because the runner speaks very little English.

Schultz Resigns as Head of NCAA

WASHINGTON (WP) — Dick Schultz, who built a reputation based on integrity during a 40-year career in college sports, has resigned as executive director of the National Collegiate Athletic Association.

His announcement Tuesday came soon after the NCAA released an independent investigator's report concluding that Schultz "had actual knowledge of at least some" of the improper loans made to athletes while he was athletic director at the University of Virginia from 1981 to 1987.

Schultz, 63, continued to deny he knew about the loans, saying he made up his mind to resign about a half hour before he announced his decision, which he said he made because "there was a downside risk that this could damage the credibility of the NCAA."

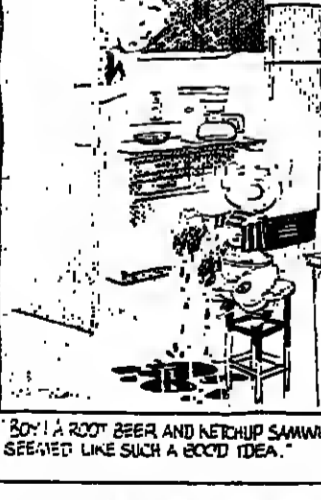
For the Record

The U.S. Davis Cup team's captain, Tom Gorman, said that Pete Sampras, Jim Courier and Andre Agassi are "very interested" in playing the qualifying-round match Sept. 24-26. (LAT)

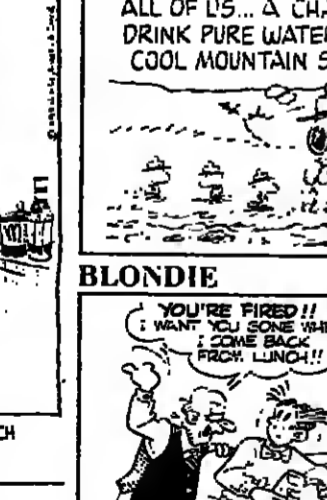
Nigel Penn's defense of the WBC super-middleweight title against Lou Genz has been rescheduled for June 26 because the British champion has punched a nerve in his shoulder. (AP)

The Chinese city of Tientsin will stage the next world table tennis championships, in 1995, with Belgrade having the option of hosting the 1997 tournament, the ITTF announced. (Reuters)

PEANUTS



BLONDIE



BEETLE BAILEY



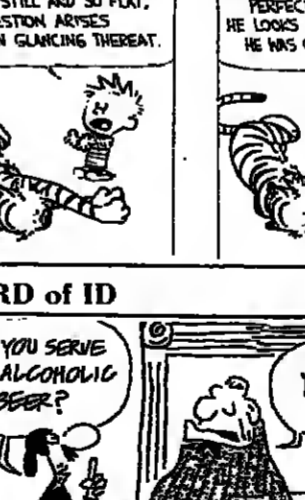
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ART BUCHWALD

The Profits of Buyouts

WASHINGTON—The magic word in business these days is "buyout." Companies are feverishly offering their employees buyout contracts so that they will leave and reduce the work force of the institution. More money is being made from buying out employees than there is from manufacturing a product.



Buchwald

Warren kept talking and counting out bills. "How do you do it?" "Our company is considered the best-managed in America because we have eliminated the one thing that business doesn't need—workers."

Empire Library Saved in Britain

LONDON—The world's finest library on the history of the British Empire has been saved from dispersal by a fund drive that raised £3 million (about \$4.5 million).

At that moment a very ostentatiously dressed man came up to the table. "Hello, Warren, would you please pay me?" Warren counted out the cash. Then he turned to me and said, "That was the chairman of the board. He's cashing in on his own buyout. If he wants to leave, things must be really bad."

White House Politics Hollywood Style

By Bernard Weinraub

LOS ANGELES—The long-running attraction between Washington and Hollywood has often proved fatal when Hollywood struggles to make movies about Washington.



Kevin Kline and Sigourney Weaver as the presidential couple in "Dave."

The idea of using real politicians, on the other hand, came later. After hearing the plot details, most readily agreed to appear, Ross said. These are not, after all, shy or retiring people.

"I went down to South Carolina to work on a fishing boat because I thought that's what you had to do to be a writer," he said with a laugh. "It's a cliché. Embarrassing. It was an ersatz bad Hemingway trip. I was out to catch a big fish. I caught a lot of little ones and got a lot of sun."

PEOPLE

On Tipper Gore's Bus: Close-ups of Campaign

Instant history: Tipper Gore didn't just spend the campaign campaigning. She was also keeping record, snapping photos of presidential candidate Bill Clinton and vice presidential candidate, her husband Al, to capture the campaign's "enthusiasm and excitement." Campaign history buffs—others abstain—can view 40 of her photos in a show at the Woodrow Wilson House in Washington.

On this one, the White House spokesman George Stephanopoulos isn't speaking. His romance with actress Jennifer Grey of "Dirty Dancing" fame moved into the spotlight last weekend when he brought her to the Oval Office to see Bill Clinton deliver his weekly radio address. "He's very upset about all the publicity," a White House insider said.

Gerth Brooks made it three in a row as entertainer of the year at the Academy of Country Music Awards in California. Kix Brooks and Ronnie Dunn earned three trophies. Vince Gill was named top male singer and Mary Chapin Carpenter top female vocalist.

Jeffrey Masson's memory proved a bit fuzzy on the witness stand in San Francisco as Gary Roewick highlighted quotations the psychoanalyst had once disputed in Janet Malcolm's articles in The New Yorker magazine. Roewick, Malcolm's lawyer, ran through quotations that Masson had challenged. Time and again, Masson denied saying something, only to discover that it was on the tapes and in the transcripts.

INTERNATIONAL CLASSIFIED Appears on Pages 7 & 21

WEATHER

Weather forecast for Friday through Sunday across various regions including Europe, Asia, North America, Middle East, and Latin America. Includes maps and temperature charts.

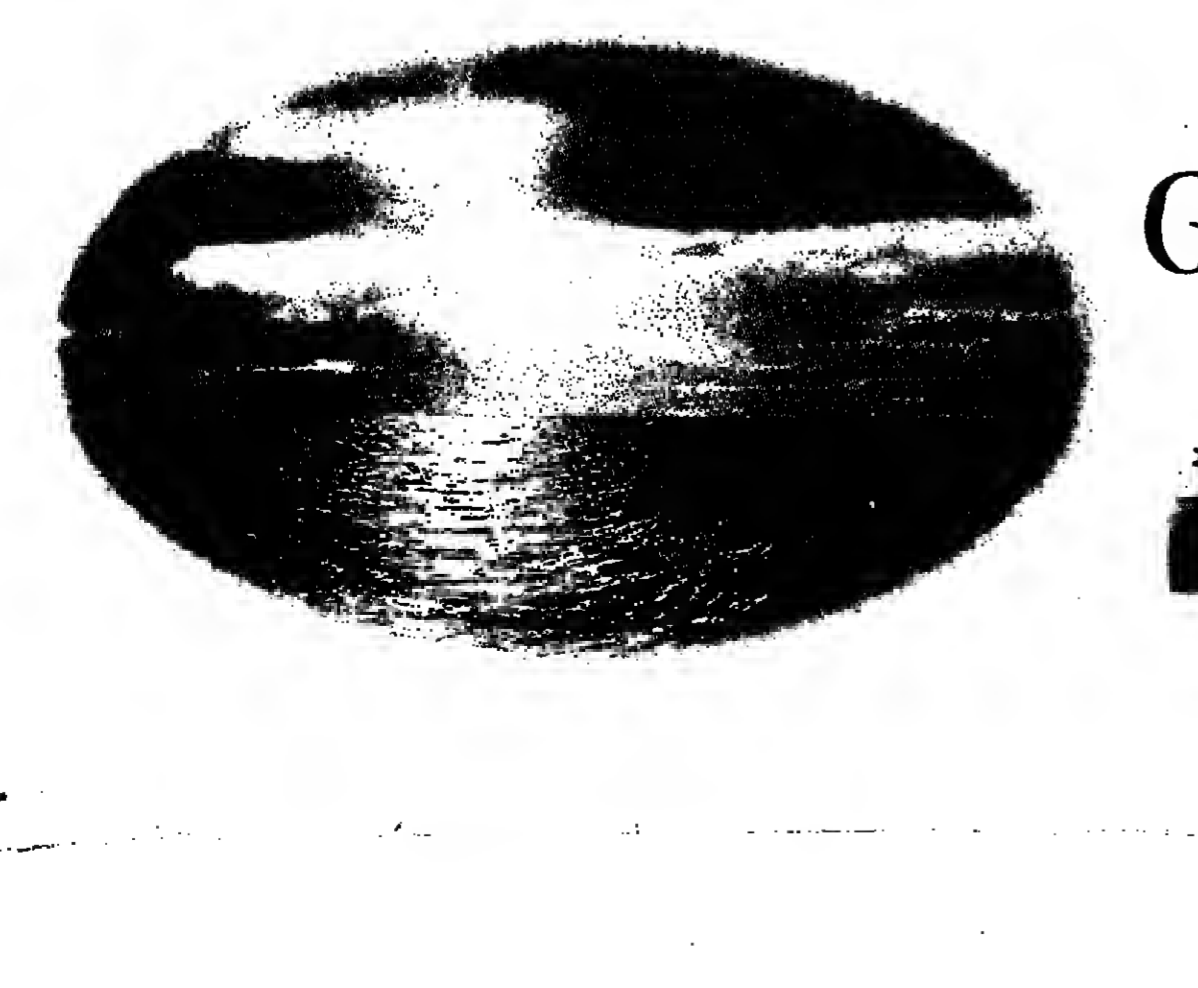
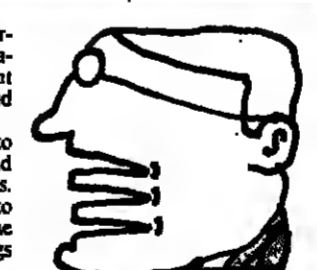
CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution to the puzzle of May 12.

BOOKS

THE FURIES By Janet Hobhouse. 293 pages. \$22.95. Doubleday. Reviewed by Daphne Merkin. JANET HOBHOUSE, who died in 1991 at age 41, managed to cram a whole lot of living into her foreshortened existence.

precious, so isolated from anything resembling family or stability, so utterly dependent on one another to provide a lovable human universe, that the existence of forebears, documented in hundreds of photographs—brown as leaves and dog eared, but vivid, stylized, ornate, above all theatrical—seems to me even now a kind of fairy tale.



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